



# ***Daily Report***

## **East Asia**

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# Daily Report

## East Asia

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## Japan

### Transport Minister Discusses Aviation Talks

OW1907061495 Tokyo ASAHI SHIMBUN NEWS  
CONFERENCE REPORT in Japanese  
0625 GMT 18 Jul 95

[News conference held by Shizuka Kamei, minister of transport, with unidentified reporters in the Transport Ministry conference room at 0143 GMT on 18 July]

[FBIS Translated Excerpt] [Kamei] [passage omitted] Then, I reported to the cabinet meeting the outcome of the Japan-U.S. aviation negotiations as follows: Although we have held vice-ministerial negotiations, no settlement has been reached. I told the cabinet meeting that I would go to Los Angeles, which is the midpoint between Tokyo and Washington, on 20 July to start ministerial negotiations.

We told the United States that we would like to hold the negotiations in Hawaii. I wonder if Hawaii is a strong reminder of Pearl Harbor. The United States wanted to hold them in Los Angeles. There are no direct flights from Washington to Hawaii. There are not many flights between the two places. Therefore, we agreed to meet in Los Angeles. I did not agree to go to Los Angeles because Nomo is there.

I will leave Tokyo at 05:45 on 20 July and arrive there in the evening. I will immediately start negotiations with Secretary of Transportation Pena. (A government official cuts in, saying that the negotiations will be held in the morning local time) Oh, the negotiations will start in the morning. We are scheduled to start the first meeting in the evening.

As we insisted during the vice-ministerial negotiations, we cannot accept the United States' one-sided demand, which is based on the completely unfair accord. Taking the stand that both countries need to seek an expanded balance of the flow of goods in the skies, we have been claiming that we should settle the issue in such a way that the rights and interests of both countries are protected and that the flow of goods in Asia benefits Asia as a whole. I would like to achieve a fruitful result at the ministerial negotiations.

Nobody knows how the negotiations will end, but Japan and the United States have been sharply opposed to each other and have had differing opinions for a long time. From the viewpoint of maintaining friendly relations between Japan and the United States, we will do our best to settle the differences. Nevertheless, we just cannot accept the unreasonable demand. As I have been saying, an accord functions only when it works for the benefit of both countries. Frankly speaking, I do not like the fact that the United States has partially begun the procedures

necessary for imposing sanctions. But I will be tolerant of this when I attend the negotiations. [passage omitted]

[Reporter] Are ministerial talks to be held in conjunction with subcabinet-level talks?

[Kamei] As you know, the talks will involve technical matters. I think negotiations will be held and details worked out at working-level talks held in parallel with the ministerial talks. Subcabinet-level talks may be held again somewhere along the line depending on progress in the talks. Thus far, we have not been able to reach an agreement. There is no scenario for this. However, I, myself, do not dare say: "Let us play it by ear."

[Reporter] Is there any time limit for the conclusion of the talks?

[Kamei] I do not have a time limit. I think they do. I think they are concerned about such matters as the use of Subic Base by Federal Express, but I certainly have no deadline to meet. However, since the United States is concerned with such matters, it is not proper for us to ignore that and refuse to hold negotiations. Nevertheless, negotiations can be concluded only if fundamental principles are observed. Therefore, whether everything will be worked out by their deadline depends on the negotiations.

[Reporter] How long do you plan to stay there?

[Kamei] I really do not know. I do not think I can stay there very long. The first meeting will be held on the evening of the first-[tsuitachi], and if the United States should simply concede, it will all be settled right away. However, if this is not the case, I cannot simply say I am leaving because I have an election to go to back home. In that case, we may say: "Let us continue the talks into the following week."

[Reporter] So, there is no definite date set for terminating the talks?

[Kamei] No, that has not been set.

[Reporter] You said: "The first."

[Kamei] I think 1 August is a target date for Federal Express in connection with Subic Base, as I have already mentioned.

[Reporter] Does that mean then that 30 or 31 July will be the last day of the talks?

[Kamei] No, no. I meant the "first day of my arrival" [tsuitahi] not the "first of the month" [tsuitachi]. Excuse me for my bad enunciation. (laughter)

[Reporter] I would like to ask you once again why it was decided that the ministerial talks would be held prior to the upper house election?



[Kamei] The upper house election has nothing to do with it. Japan and the United States have been unable to come to an agreement in the subcabinet-level talks. Since we think that bilateral relations are important, we are prepared to hold negotiations that include ministerial talks sometime next week if the United States is willing.

[Reporter] Do you think you will be able to cast your vote in the election?

[Kamei] I have no idea. I will not know that until we begin the talks since, in a way, Japan and the United States are already arguing at the very entrance to the talks. That is why we are talking about settling Japanese and U.S. demands simultaneously. We cannot simply accept their demands first and hold discussions about our demands later. There is one other thing — the revision of the aviation treaty. All three of these matters must be settled simultaneously.

[Reporter] What will happen in the event that the negotiations break down?

[Kamei] If there is no agreement, then there is no agreement.

[Reporter] When did the United States reply?

[Kamei] When was it? ("At 0730 hours this morning," replies a bureaucrat).

[Reporter] Did you report this to Prime Minister Murayama?

[Kamei] I reported this to the prime minister. I also reported it at the cabinet meeting.

[Reporter] What did Prime Minister Murayama have to say about it?

[Kamei] He said: "Well, do your best." He meant I should do my best since he has confidence in me. Since he said he would leave it entirely up to me, that means the matter has been entrusted entirely to me.

Well, the treaty should be beneficial to both Japan and the United States. It will not function properly without cooperation from both sides. What we said during negotiations in Hawaii does not mean we will make the first move in imposing sanctions against the United States. Of course, if the United States were to impose sanctions against us, we would have to do the same in response. We do not wish for that to happen, however. That is why we have agreed to hold ministerial talks.

[Reporter] Did the United States make an advance announcement of its policy?

[Kamei] No, there was no announcement, although a public hearing was held as a preliminary step to decide on sanctions. [passage omitted]

#### **Differing Views on Section 301 Reported**

*OW1907090295 Tokyo EKONOMISUTO in Japanese 25 Jul 95 p 15*

[FBIS Translated Text] Differing views on the future of Section 301 of the U.S. Trade Act (concerning sanctions on unfair trade practices), which has kept bugging Japan, have been voiced within the Ministry of Foreign Affairs [MOFA] after Japan and the United States reached an accord on the bilateral auto issue.

Some hold an optimistic view: Japan has applied brakes on the United States' imposition of sanctions under Section 301 by undauntedly resisting U.S. pressure in the recent auto talks. It is said that the United States compromised on the bilateral auto issue because it felt that it might be defeated at the World Trade Organization (WTO) if it had imposed sanctions. A senior MOFA Economic Affairs Bureau official said: "The United States had kept threatening (to impose sanctions) but it never did. The international community now knows that the United States used it only as a bluff."

Meanwhile, there are some senior officials who observe that "the United States has never applied pressure for the purpose of imposing sanctions." In other words, the United States does not aim at imposing sanctions but at gaining the results derived by threatening. Thus, it will continue to make demands based on Section 301. In fact, the U.S. Trade Representative (USTR) Office decided to launch its investigations into the Japanese film market under Section 301 right after the bilateral auto talks ended.

They claim that it is more effective to let the United States impose sanctions and defeat it at the WTO in order to crush Section 301. However, no one asserts that Japan should have taken a tougher stance because this carried considerable risks: deteriorating Japan-U.S. ties, damages to the auto industry, and possible U.S. withdrawal from the WTO. There is a general agreement within MOFA on interpreting the results of the auto talks as a success for the time being.

#### **Impact of Auto Talks on U.S. Security Pact**

*952B0193A Tokyo SHUKAN BUNSHUN in Japanese 8 Jun 95 pp 50-51*

[Article by Yoshihisa Komori, journalist]

[FBIS Translated Text] **Friction Over Autos Eroding Foundation of Japan-U.S. Alliance**



"It seems that Mr. Chalmers Johnson has written a major treatise saying that the Clinton administration should put pressure on Japan regarding the auto issue using the U.S.-Japan Security Pact as leverage. Apparently it will be carried in the issue of FOREIGN AFFAIRS coming out in June. It sure gives me a bad feeling," the aide to a senator told me. He is a person who monitors Japan-U.S. relations.

So, it has come out after all, I thought.

Of course, Mr. Johnson is a prominent person in the study of Japan's economy and is known for authoring such works as *MITI and the Japanese Miracle*. Yet, early on he pushed the line of Japan's different nature; and in his latest work, *Japan: Who Is Governing?* published this spring, he argues that, with its regulated economic system ruled by the bureaucracy and tilting toward producers and slighting consumers, Japan is intrinsically a threat to the United States and is different in nature.

According to this same aide, this Johnson has contributed an article to the next issue of a major foreign policy magazine advocating the policy that when the U.S. Government presses Japan for concessions on the auto issue it should apply pressure, for example by using the security relationship as a weapon, and, if the Japanese side adamantly rejects the U.S. demands, even by weakening its commitment to Japan's defense under the Japan-U.S. alliance.

This is linking trade to security. It is, indeed, a spillover of trade frictions into the security relationship.

It clearly is the wrong course for running Japan-U.S. relations, but I had somehow felt a mood in which such demands might come out.

### MITI Not Qualified To Lecture

Tensions have risen rapidly in the binational relationship since the Clinton administration released the list of sanctions against Japan on 16 May after negotiations between Japan and the United States on autos and auto parts broke down.

As the Japanese negotiating team has complained, from MITI Minister Ryutaro Hashimoto on down, the Clinton administration's action of unilaterally imposing sanctions, if it does not get the Japanese Government to agree to promise to increase imports of auto parts at a set volume, should be criticized. On the U.S. side, too, opposition is not slight toward this pattern of action. "President Clinton's sanctions against Japan have the aim of bolstering his ties with such labor unions as the auto workers union. To begin with, a managed-trade formula which asks the Japanese Government to

intervene in the civilian economy is undesirable." So says Mr. Rush Limbaugh, the conservative radio talk-show host, now the most popular in the whole United States.

The equally conservative major political body "Empower America" also has made the announcement that "With the Japanese Government's having refused to order its own citizens to buy more U.S.-made auto parts, it is an act of arrogance for the Clinton administration to apply punitive measures."

That is precisely why Japan's top MITI officials also advocate the sound argument that "managed trade and numerical targets run counter to free trade." Certainly, justice is on the side of the Japanese negotiators, looking only at this much.

Perhaps for that reason, there is now a sense that MITI of late is the champion of free trade and the hero of patriotism. It is so restored to favor that one would not think it had once risen to the top in an anonymous poll of young bureaucrats as "an agency that could be abolished" or that it was the ministry in which ugly internal political strife was exposed over the replacement of Industrial Policy Bureau Chief Naito.

Yet, somehow one feels disturbed when those high MITI officials face the United States and repeatedly and loudly assert their claim of "a 'rule of law' applying fair regulation to everyone at home and abroad" and of "the Japanese market's being completely open." For, in the market mechanisms on the Japanese side realities still remain of which we can never be proud from the viewpoint of freedom, openness, and the rule of law.

On the U.S. side, too, a high State Department official who has been involved in Japan-U.S. relations for nearly 30 years indignantly says, "Nothing is more exasperating than to be lectured to that managed trade is not good, by MITI which has used every possible means to conduct the most managed trade in the world."

On the auto issue, it is clear that Japan's unique auto inspection system is blocking sales of foreign-made parts.

Such things as requiring disassembly and repair beyond anything elsewhere in the world, in effect requiring the use of parts made by domestic automakers in the name of "genuine parts" and the extraordinary increase in costs due to over-regulation of foreign auto inspections, mean that Japan's auto inspection system protects the interests of service plants and domestic automakers and forces the world's highest outlays onto consumers. It is a system quite removed from freedom, openness, and the rule of law.



Be that as it may, what sort of outlook might MITI, geared up for an all-out contest with the United States, have in mind for recovering the situation?

While its immediate position is even to appeal to the World Trade Organization (WTO), a tidy final resolution is doubtful. The U.S. side, too, takes the stance that with the WTO it will censure Japan's closed practices as a whole, starting with the car-inspection system. Even if Japan were to win in the ruling, there is a risk of the U.S.'s being alienated from the WTO.

Moreover, there is even concern about the danger of frictions over autos eating away at other areas of Japanese-U.S. relations, particularly the bonds of the alliance based on the security treaty.

#### **Danger of Flames of Trade Spreading to Security Treaty**

On May 15 and 16, Presidential Press Secretary Michael McCauley was asked in news conferences about the effects of the auto issue on Japanese-U.S. security relations. He responded, "If this kind of confrontation in the trade area continues, it may have effects on other aspects as well (such as security)."

As for big names on the Republican Party side, former Secretary of State Henry Kissinger issued the warning that, "If this sort of clash between Japan and the United States due to the auto issue is left unattended, the political ties of the two countries will be weakened and both countries will pay a huge price."

Former Secretary of State James Baker also pointed to the same sort of danger, saying: "The current friction over autos will have the effect of encroaching upon the strategic partnership between Japan and the United States and destroying Asian stability, while on the U.S. side it will encourage protectionists and isolationists and on the Japanese side it will incite nationalists."

Brookings Institute researcher Mike Mochizuki, an adviser on Japan policy to the Clinton camp in the 1992 presidential campaign, also has commented, "Friction over autos will broaden the perception generally on the U.S. side that our alliance with Japan for security is in no way in our economic interest; and in the long term it will surely reduce support for the alliance." The Heritage Foundation's Asia Section chief, Jim Presstab, has said, "In the Cold War era we had a 'fire wall' to keep the flames of troubles over trade from spreading to the security treaty; but now if the auto frictions continue, their corrosive effect on the security treaty will be great and will deal a major blow to the Japanese-U.S. alliance."

The argument of the Mr. Johnson I mentioned at the beginning, about using the security treaty as a lever in the auto issue, would totally sweep away the remains of this "fire wall" and indeed is a dangerous advocacy equivalent to saying, "Let us spread the flames of trade to the security treaty." It is at one with the argument that the two nations, intensely antagonistic over trade, should not keep their close solidarity through the security treaty.

Looking at it this way, one comes to feel that commentators on the Japanese side in general would not abide such risks as permitting the ruination of the Japanese-U.S. alliance in order to protect Japan's auto industry, which has continued to gain huge benefits from the U.S.'s free and open market over the long postwar period.

And yet, for some reason Ambassador to the United States Takakazu Kuriyama is optimistic, saying "Cabinet-rank persons on the U.S. side say they'll act to keep the auto dispute from having adverse effects on Japanese-U.S. relations in general, so there's no concern."

#### **Businessmen Favor Easier Auto Inspection Rules**

*OW1907120095 Tokyo KYODO in English*  
0955 GMT 19 Jul 95

[FBIS Transcribed Text] Tokyo, July 19 KYODO — Most business executives want a substantial easing of Japan's rigid car inspection requirements, a blue-ribbon business group reported Wednesday [19 July].

The Japan Association of Corporate Executives (Keizai Doyukai) said 88 percent of 211 respondents in a poll of 415 members called for easier regulations.

The survey also showed that 74 percent of the respondents appreciated the way in which Japan and the United States settled their automotive trade dispute while only 5.0 percent gave a negative response, the association said.

It said 64 percent said Japan-U.S. trade disputes should be solved through negotiations at the World Trade Organization in principle, while 27 percent said they should be settled through bilateral talks.

Only 7.0 percent said all such disputes should be solved at the world trade body, the association said.



### **Lack of Soviet Threat Affects U.S. Relations**

952B0194A Tokyo SANDE MAINICHI in Japanese  
18 Jun 95 pp 138-139

[Article by Nobuhiko Shima: "Chilly Japan-U.S. Relations in Absence of 'Soviet Union'" (No. 89 in series "New Global Economic Outlook")]

[FBIS Translated Text] "We will not hold negotiations on the automobile problem at the Japan-U.S. summit meeting on 15 June immediately before the [G-7] summit,"—after the Japan-U.S. automobile negotiations which utilized the venue of the Paris OECD (Organization for Economic Cooperation and Development) Ministerial Conference broke down, U.S. Secretary of State Christopher announced that it would be inadvisable to deal at the summit conference with the automobile problem, for which no prospect of a settlement could be seen.

There was a strong impression that the Paris OECD Ministerial Conference was just a "political show" of International Trade and Industry Minister Ryutaro Hashimoto and Trade Representative Kantor.

"Mr. Kantor says that the ball (reply) is in Japan's court, but the serve that America made was a fault (error) outside the line, so we have no need to return (reply). Mr. Kantor's duty is probably to make the kind of second serve which will enter Japan's court; that is, the kind with which the Japanese Government can deal."

Saying such things as, "Mr. Kantor is more dreadful and nagging than my wife when I return home drunk," International Trade and Industry Minister Hashimoto used fairly sensational figures of speech to criticize Trade Representative Kantor.

Whereupon, Trade Representative Kantor gave back as good, saying: "The closed nature of Japan's market is a widely known fact. We can cite any amount of figures that can prove it."

"I am speaking in a gentlemanly manner. I would like to meet Mrs. Hashimoto and see what she is like."

By nature the OECD is a conference whose central aim is to discuss a prescription for the world economy and issue a joint declaration as a prelude to the summit, but because the Japanese-U.S. exchanges were too fierce, and also because persuasion and laying of groundwork with the advanced countries by both Japan and the United States were carried out in a persistent manner, there even emerged talk that "the OECD minister conference was hijacked by Hashimoto and Kantor."

What International Trade and Industry Minister Hashimoto branded as a fault is the U.S. assertion that "The Japanese Government should promise that

the auto industry will further increase (by about 20 percent) purchases of auto parts." For the government to arbitrarily make promises concerning the purchasing plans of private sector companies would violate market principles, so it would be government interference in the private sector and would lead to managed trade.

And he says that to impose sanctions just because Japan did not accept that claim of the United States would clearly be a "fault."

Meanwhile, Representative Kantor maintains his usual firm stance, saying "Japan's market is closed, so we cannot trust Japan unless it shows practical figures. If you do not promise, we will have no choice but to counter by imposing a tariff of 100 percent on importation of 13 types of Japanese luxury cars by applying the unfair-trade provisions of Article 301 of the Commerce Law." It appears that this also contained the optimistic calculation that "it is to be expected that if we threaten Japan she will yield and give in in due course."

But "Kyoryu" [nickname for Ryutaro Hashimoto taken from two characters of his name] abruptly rejected this, and ventured to criticize Trade Representative Kantor by using a figure of speech which seemed likely to infuriate him, so in the end it became a situation in which they mutually filed suit with the WTO (World Trade Organization), which had just started functioning.

But when I look at the series of altercations between the two this time, there are strong indications which make me suspect that, though they are mutually asserting their official positions, their true motives are such that from the very beginning they had neither the intention to compromise nor the desire to reach a settlement. One would expect that if they truly had a desire to compromise, they would have laid the groundwork with bureaucrats and industry circles, and conducted many negotiations, and the meetings also would not have been hostile from the very beginning.

**The venue of the Paris OECD Ministerial Conference was a Japan-U.S. public relations battle from beginning to end. International Trade and Industry Minister Ryutaro Hashimoto conferred with the six European ministers; on the other hand Trade Representative Kantor also conferred with almost the same lineup of ministers. While the European countries opposed U.S. sanctions, they are showing a reaction of supporting the United States in opening Japan's closed market. It appears that their true intention is that they hope for a conclusion in the WTO in which the pain is shared, with the United States' losing in connection with sanctions, and Japan's losing**



on the closed market (from MAINICHI SHIMBUN 25 June).

This kind of aim of European countries is probably also the true intention of Asia and the nations of the world. As always, the United States' way of doing things is unpleasant because it is too high-handed, but there is the judgment that Japan's regulation and closed nature are also excessively severe, and that its manner of amassing huge trade surpluses and current account surpluses is, after all, abnormal.

Moreover, it is unreasonable to suddenly request of the WTO, which has only just begun to operate and still has difficulty exercising its full function, a judgment on two great powers whose GNPs rank first and second, and, moreover on a problem in automobiles, which is a basic world industry, so the danger has also grown stronger that, depending on the outcome, it could very well destroy the nurturing of the WTO, which was started with great effort.

#### **"Japan-U.S. Cooperation" Which Has Lost a Feeling of Tension and Lacks a Sense of Solidarity**

If this kind of "view" is the common sense of the world, both Japan and the United States should have searched for slightly more mature negotiations and methods of settlement. Is it not proper that there be efforts to the level that the United States, after all, relinquish seeking a public pledge from the government on private-sector purchasing plans, in exchange for which, on the Japanese side, the private sector plan efforts to further purchase and expand independently, and that the Japanese Government, this time, indeed, seriously hasten implementation of relaxation of regulations led by politicians, and also cite target figures in regard to decreasing the huge surpluses?

In the United States the presidential election has already started, so Trade Representative Kantor may be trying to ingratiate himself with President Clinton by taking into consideration the will of the eastern, industrial belt.

Furthermore, one can assume that "Kyoryu" also appears to be aiming at a performance which from now on will receive national cheers, as prestige for the next election for president of the LDP, and the lower house election, which will be held as early as this autumn.

Is it too cynical for it to seem as though, somehow they are both placing emphasis on domestic elections and political disputes rather than on settlement of the auto problem?

In regard also to events commemorating the 50th anniversary of the end of World War II, most of the statements of both Japan and the United States are

backward-looking, so there is a strong sense that recent Japanese-U.S. relations are somehow chilly. Formerly, even though the two sides quarrelled fiercely with each other, there could be seen the earnest intention that they somehow had to settle things in the end, but now that drive cannot be seen in either the president or the prime minister, nor can one find in Japan or the United States key persons to mediate between the two.

In the Cold War era there was an unspoken feeling of tension in both places that: "if Japan and the United States should collide and the foundation of the government collapse, and nationalism be ignited and a revolutionary government come into being, in the end it would be a minus for both sides." It can be said that the feeling of tension which was produced by the existence of the major power called the Soviet Union ultimately bound Japan and the United States together.

At the meeting of leaders prior to the summit they did devise "a means to avoid a breakdown," but no target date can be seen as to by when and by what means they will settle it. There is probably nothing as empty as a chilly declaration of "Japanese-U.S. cooperation" which has neither a feeling of tension nor a feeling of solidarity.

#### **Talks With U.S. on Paper To Begin 28 Jul**

OW1907125595 Tokyo KYODO in English  
1241 GMT 19 Jul 95

[FBIS Transcribed Text] Tokyo, July 19 KYODO — Japan and the United States will hold talks in Tokyo on July 28 on U.S. access to the Japanese market for paper products, Trade Ministry officials said Wednesday [19 July].

The coming negotiations between heads of divisions concerned at the Ministry of International Trade and Industry (MITI) and the Office of the U.S. Trade Representative (USTR) will take up U.S. sales of printing paper and pasteboard in Japan, the officials said.

Japan's imports of printing paper and pasteboard increased 14 percent in fiscal 1993 over the previous year and 12 percent in fiscal 1994. But imports from the U.S. dropped moderately in both years.

The U.S. Government last year placed Japan's wood and paper products sector on a "watch list" under the controversial Super 301 provision of the 1988 trade act to pressure Japan to open its market wider to U.S. products.

MITI officials said the decrease in U.S. paper exports to Japan is attributable to strong demand in the U.S. market. Japan's overall imports have been increasing steadily, they added.



Japan and the U.S. have held biannual talks to follow up on progress in Japan's paper imports based on a 1992 agreement. The last parley was held in October 1994 and the coming one will be the sixth.

#### **NTT Refuses PHS Equipment Talks With U.S.**

*OW1907121995 Tokyo KYODO in English  
1130 GMT 19 Jul 95*

[FBIS Transcribed Text] Tokyo, July 19 KYODO — Nippon Telegraph and Telephone Corp. (NTT) President Masashi Kojima said Wednesday [19 July] the company is reluctant to integrate foreign-made parts into its personal-handly phone system (PHS), refusing to treat PHS-related equipment as subject to obligations under a Japan-U.S. pact on procurement of foreign parts by NTT.

"The (nine) NTT personal communications network companies are purely private companies in which various shareholders have equity stakes in addition to NTT itself," he told reporters.

"I cannot understand the foreign demand that we should apply the pact on NTT's procurement of foreign equipment (to these companies)," he said.

The United States said it plans to ask Japanese trade negotiators to apply the pact to PHS-related parts and equipment at a follow-up meeting on compliance with the pact scheduled for Friday in San Francisco.

PHS is a new mobile telephone service in which cordless digital phones with palm-size handsets can be used to place calls at rates as low as one-third those of conventional mobile phone services.

#### **EU's Brittan Wants Tokyo To Join Financial Accord**

*OW1807120595 Tokyo KYODO in English  
1139 GMT 18 Jul 95*

[FBIS Transcribed Text] Brussels, July 18 KYODO — European Union (EU) Trade Commissioner Leon Brittan said Tuesday [18 July] he will strongly urge Japan once again to join the accord on financial services under the World Trade Organization (WTO) without the participation of the United States.

Speaking to Japanese reporters, the EU official stressed the importance of Japan's participation and cooperation in the EU-proposed accord which will last two and a half years.

Brittan noted that any fears Japan might have had about the EU being divided over the temporary accord has been resolved by the unanimous agreement made at the EU foreign ministers' meeting Monday. The ministers

expressed support for the accord on condition that Japan participate, he said.

The official said he will contact Finance Minister Masayoshi Takemura on Tuesday and repeat his request for Japan's participation.

The request will also be made to Foreign Minister Yohei Kono and Minister of International Trade and Industry Ryutaro Hashimoto, he said.

Japan has so far been reluctant to agree to the temporary accord without the U.S. but is now seen to have softened its stance.

A financial source in Tokyo said Monday Japan is considering accepting the EU proposal on the grounds that it is realistic.

#### **Panel Urges New Development Strategy for UN**

*OW1807122195 Tokyo KYODO in English  
0923 GMT 18 Jul 95*

[FBIS Transcribed Text] Tokyo, July 18 KYODO — The United Nations should hammer out a new development strategy with specific targets as part of its efforts to enhance its role in resolving the world's social and economic problems, a report by an advisory panel for Foreign Minister Yohei Kono said Tuesday [18 July].

Titled the "Report on the New Agenda of the United Nations in the Economic and Social Fields" and compiled by the panel of 12 academics and experts, the report says the world body needs to compile such a new development strategy to address the changes in the world.

The panel proposes "specific and achievable" development targets such as doubling of the gross domestic product (GDP) of developing countries by the year 2010, and increasing the income of the poor by four times, saying that would enable the international community to measure the progress of development of aid recipient countries and take a more realistic approach for development.

The panel submitted the proposal to Vice Foreign Minister Kunihiko Saito at the Foreign Ministry earlier in the day.

Foreign Minister Kono told a press conference that Japan wants to take the initiative in the UN debate over reform of the world body and that the report will be used as a basis for discussions at a UN working group meeting in August.

The working group is expected to discuss UN Secretary General Butrus Butrus-Ghali's "agenda for development."



The panel's report calls for stronger UN power in resolving poverty and economic and social development problems to achieve peace and stability in the world, pointing out that peacekeeping operations have limits in doing so, as seen in experiences in Somalia and the former Yugoslav Republic of Bosnia-Herzegovina.

Japan should take the initiative in grappling with the economic and social problems and in reforming the U.N., it says.

The report calls on aid donors to expand Official Development Assistance (ODA) to developing countries by taking into account such factors as environmental conservation, military expenditures, imports and exports of weapons, democratization, promotion of market economy principles and basic human rights.

But a "comprehensive approach" of using measures other than ODA, such as trade, direct investment, debt relief and technology transfer, are also necessary, it says, adding that particular emphasis should be put on least developed countries and African nations.

#### Reaction to French Nuclear Test Plan Continues

##### Kono Discusses Nuclear Tests

OW1907073195 Tokyo ASAHI SHIMBUN NEWS  
CONFERENCE REPORT in Japanese  
0451 GMT 18 Jul 95

[News conference by Foreign Minister Yohei Kono with unidentified domestic reporters at the Foreign Ministry in the afternoon of 18 July]

[FBIS Translated Excerpts] [Passage omitted] [Reporter] Sakigake [the Harbinger Party] representative Masayoshi Takemura has called for a protest campaign against French nuclear tests. He also has stated that he would submit to the Diet, during its August extraordinary session, a resolution calling for a halt to the French nuclear tests. What is your comment?

[Kono] The prime minister has sternly told French President Chirac about Japan's objection to the French nuclear tests. I also have conveyed Japan's view on the nuclear tests to French Foreign Minister De Charette. I believe that Japan was the first major nation to urge France to withdraw its decision to resume the tests. Later, France's decision to resume the tests has come under severe international criticism and we take the criticism for granted. I am discussing with the Prime Minister's Official Residence what measures the government should take. The government will take whatever measures it can take in the future.

[Reporter] Toshiki Kaifu, president of the main opposition New Frontier Party, has mentioned a civic cam-

paign to boycott French products. Yesterday, representative Takemura made a remark supporting the civic campaign to boycott French products.

[Kono] Kaifu has mentioned the civic campaign to boycott French products, but he has not given details of how the civic campaign should be waged. I feel a lack of thought in his suggestion. I believe that French nuclear tests are an important issue. I want to deal with the French nuclear tests in a perfect way. Heads of political parties can discuss how to deal with the French nuclear tests and the government can protest France over its resumption of the tests. We intend to consider these options. If there are other methods, we will of course consider them.

[Reporter] Are you holding discussions with the Prime Minister's Official Residence with specific methods in mind?

[Kono] Yes. I am doing that.

[Reporter] Would you explain the specific methods?

[Kono] I cannot explain them at the moment. I do not want to make me look like a point man at a time when I am just holding discussions with the Prime Minister's Official Residence. [passage omitted]

[Reporter] It has been reported that, as part of efforts to prepare for the Osaka Asia-Pacific Economic Cooperation [APEC] forum, you and the international trade and industry minister will travel to APEC member nations after the upper house election. What is your comment on the reports?

[Kono] We will discuss this. In any case, I will have to attend the Brunei talks. Many foreign ministers are expected to attend the talks. I do not know for sure how much progress the talks will make. I intend to fully discuss the travels to APEC member nations with international trade and industry minister. [passage omitted]

#### Murayama To Step Up Protest

OW1907111495 Tokyo KYODO in English  
1005 GMT 19 Jul 95

[FBIS Transcribed Text] Hiroshima, July 19 KYODO — Prime Minister Tomiichi Murayama said on Wednesday [19 July] Japan will submit to the UN General Assembly in the autumn a resolution for a nuclear test ban, adding the French ambassador to Japan will be strongly urged to reverse France's decision to restart nuclear tests.

Murayama told a press conference in Hiroshima that Japan will raise the tone of its protest against France's



plan to restart nuclear testing in the South Pacific from September.

He said Chief Cabinet Secretary Kozo Igarashi will invite French Ambassador to Japan Jean-Bernard Ouvrieu to the premier's official residence at 10 A.M. Thursday to lodge a renewed protest at the French nuclear plan.

The heads of the three parties of the ruling coalition — Murayama's Social Democratic Party, the Liberal Democratic Party and New Party Sakigake — will start talks on the planned UN resolution, he added.

"China has already conducted a nuclear test, and now France is to resume a test. These moves betray the trust of nonnuclear countries and I deeply regret them," Murayama said.

#### **Civic Group Stages Protest**

OW1907104195 Tokyo KYODO in English  
0908 GMT 19 Jul 95

[FBIS Transcribed Text] Tokyo, July 19 KYODO — Members of an antinuclear civic group staged a protest in Tokyo on Wednesday [19 July] over French plans to resume nuclear weapons tests in the South Pacific from September.

Koichi Akamatsu, general secretary of the Japanese Communist Party [JCP]-affiliated body, the Japan Council Against Atomic and Hydrogen Bombs (Gensuikyo), told passers-by outside Shimbashi Railway Station that Japan, as the only country to suffer from atomic bombs, must persuade France to stop the tests.

Akamatsu also presented statements of protests against the tests from groups in Tahiti and other countries near the test site on Mururoa Atoll.

Motohiko Fukushima, 64, a Tokyo pharmacist, said he signed the Gensuikyo petition against the tests because he can still recall witnessing the flash of light from the atom bomb dropped on Hiroshima on Aug. 6, 1945.

"Resuming atomic bomb tests is superpower ego," he said. "They should absolutely stop it."

Another Tokyo resident, Madoka Fujimura, 28, said she questions the need for the tests when the abolition of nuclear weapons has become a worldwide trend.

On June 13, President Jacques Chirac announced that France will resume nuclear testing in September and hold eight tests at its South Pacific site ending next May in time to sign a comprehensive test ban treaty.

Chirac said the tests are to ensure the reliability and security of France's nuclear arsenal and perfect laboratory simulation to make further tests unnecessary.

#### **Igarashi on Boycott Call**

OW1907111595 Tokyo KYODO in English  
1047 GMT 19 Jul 95

[FBIS Transcribed Text] Tokyo, July 19 KYODO — Finance Minister Masayoshi Takemura's call for a boycott of French products over France's decision to resume nuclear testing does not reflect the government's view, a government spokesman said Wednesday [19 July].

Chief Cabinet Secretary Kozo Igarashi told a news conference that Takemura apparently made the proposal as head of New Party Sakigake.

Takemura proposed a boycott of French products during a stumping tour for the House of Councillors election set for Sunday.

Igarashi said the Japanese people are strongly against nuclear tests and the frank expression of that view will not affect the basic pattern of relations between Japan and France.

#### **NGO's Urge French Boycott**

OW1907134095 Tokyo KYODO in English  
1259 GMT 19 Jul 95

[FBIS Transcribed Text] Tokyo, July 19 KYODO — Seventy one Japanese non-governmental organizations (NGOs) engaging in international cooperation on Wednesday [19 July] issued a joint statement calling for a boycott of French products in protest at France's plan to restart nuclear tests.

"We propose to boycott French products until France terminates nuclear tests. We believe the French people will also understand and support our move," the statement said.

"Nuclear weapons destroy livings, pollute the environment, and the negative effects will be semi-permanent."

"We would like to convey our will for solidarity to the people living on small islands in the South Pacific who will continue to be exposed to a threat to their life and support the movement to protect the lives of the residents and the environment," it said.

France has announced it will resume nuclear testing in the South Pacific in September.

The organizer of the joint statement, Michio Ito, said the response from the NGOs was very quick, adding the number of participant organizations will increase further.

"We would like to widen the scope of the move by inviting NGOs in Southeast or South Asia," Ito said.



**Business Leader Opposes Tests**

*OW1907090595 Tokyo KYODO in English  
0818 GMT 19 Jul 95*

[FBIS Transcribed Text] Tokyo, July 19 Ko Ushio, chairman of the Japan Association of Corporate Executives (Keizai Doyukai), expressed opposition Wednesday [19 July] to the nuclear tests that France is planning to resume in the South Pacific.

"France must have many excuses for the tests. The Japanese, however, are an antinuclear people, and it is only natural that we oppose them," Ushio said.

Asked about the movement to stop buying French products to protest against the nuclear tests, Ushio said he has not given it thought but will not oppose it if it represents public sentiment.

**Nikkeiren Against Boycott**

*OW1807132095 Tokyo KYODO in English  
1222 GMT 18 Jul 95*

[FBIS Transcribed Text] Tokyo, July 18 KYODO — The head of the Japan Federation of Employers Associations (Nikkeiren) said Tuesday [18 July] he is opposed to France's scheduled nuclear tests on the Mururoa Atoll in the South Pacific.

Noting Japan is the sole atomic-bombed country in the world, Nikkeiren President Jiro Nemoto said at a news conference, "my personal view is that it's quite regrettable if France carries out such a test."

Nemoto is the first Japanese business leader to come out against the French nuclear test.

But Nemoto indicated he does not favor moves in some countries to boycott French-made products such as wine in protest against the scheduled nuclear test.

**Igarashi on Defense Budget, French Nuclear Tests**

*OW1907074095 Tokyo ASAHI SHIMBUN NEWS  
CONFERENCE REPORT in Japanese 0551 18 Jul 95*

[News conference held by Chief Cabinet Secretary Kozo Igarashi with unidentified domestic reporters at the Prime Minister's Official Residence the afternoon of 18 July]

[FBIS Translated Excerpt] [passage omitted] [Reporter] Was defense spending discussed at today's meeting between the prime minister and Wataru Kubo, secretary general of the ruling Social Democratic Party of Japan [SDPJ] and at today's meeting of the leaders of the three ruling parties?

[Igarashi] Yes. They briefly discussed defense. As for defense spending, as you know well, the SDPJ has

a longstanding demand. The SDPJ made the demand when the defense budget for fiscal 1995 was compiled. As was reported, the defense budget for fiscal 1995 was set after the three ruling parties held consultations. The procurement of frontline military equipment in the 1995 defense budget was cut 6.5 percent. The government has come to curb the growth of the defense budget to less than 0.85 percent every year. With regard to the defense budget request for fiscal 1996, the SDPJ intends to make the same demand without fail when the three ruling parties hold their policy consultations. I believe that at today's meeting, Kubo and the prime minister discussed the 1996 defense budget from the SDPJ's standpoint.

I believe the Liberal Democratic Party [LDP] and the Sakigake [Harbinger Party] have their own positions on the defense budget. The coalition cabinet will ultimately set the 1996 defense budget after the three ruling parties have a complete exchange of views. How much the 1996 defense budget will increase or decrease is up to the compilation work to be done by government ministries and agencies from now on. In the past, the three ruling parties agreed that the defense budget would be moved in the direction of disarmament. I believe that in principle, the three ruling parties will move in that direction as much as possible.

[Reporter] My question concerns France's decision to resume nuclear tests. Finance Minister Takemura has stated that he would take the lead in Japan's opposition to the French nuclear tests. What sort of actions does the Japanese Government plan to take in the future?

[Igarashi] As for the Japanese Government's views on the French nuclear tests, Prime Minister Murayama made a strong protest to French President Chirac on the French nuclear tests when he met with him. Other nations have never taken such a protest action. The prime minister has repeatedly made remarks to the same effect.

Japan's opposition to the French nuclear tests and its message calling for a halt to the French nuclear tests have already been reported. Each political party in our nation has its own view on how specifically Japan should express its objections to the French nuclear tests and how a campaign should be waged against the French nuclear tests, and each view has already been reported. The prime minister will travel tomorrow to Hiroshima. I think he will state the government's view on the French nuclear tests or the SDPJ's view on it. I think that both the LDP and Sakigake have their own views. I believe they expect the prime minister to put forth the government's view on the French nuclear tests tomorrow. [passage omitted]



**Official Sent to Burma To Meet Junta, Suu Kyi**

*OW1907122195 Tokyo KYODO in English  
1128 GMT 19 Jul 95*

[FBIS Transcribed Text] Tokyo, July 19 KYODO — The Foreign Ministry sent an official to Myanmar [Burma] on Wednesday [19 July] to meet junta officials and released pro-democracy leader Aung San Suu Kyi, the ministry said.

Masaaki Ono, deputy director general of the ministry's Asian Affairs Bureau, will brief officials there on Japan's policy toward Yangon [Rangoon] and study the local situation.

Ono will also ask Suu Kyi her political plans, the ministry said.

Suu Kyi was released last week after six years of house arrest.

The official intends to tell the ruling State Law and Order Restoration Council (SLORC) that Japan aims to gradually resume suspended official development assistance (ODA) to Myanmar after observing the country's democratization process, including the passage of a new constitution and the SLORC's transfer of power to the democratically elected government.

Tokyo has yet to consider full resumption of large-scale aid for expansion of the Yangon International Airport or other projects, according to Vice Minister Kunihiko Saito.

Japan suspended its ODA to the country after the military seized power in 1988, killing more than one thousand pro-democracy activists.

**Minister Saito Comments on Yen Loan to Burma**

*OW1807143495 Tokyo MAINICHI SHIMBUN  
in Japanese 18 Jul 95 Morning Edition p 2*

[FBIS Translated Text] At a news conference on 17 July, Kunihiko Saito, administrative vice minister of foreign affairs, gave a briefing on a 15 July meeting between Burmese democratic movement leader Aung San Suu Kyi and Japanese Ambassador to Burma Takashi Tajima. Saito first said: "I cannot give details due to the nature of the talks." He then said: "Ms. Suu Kyi has apparently conveyed her thoughts to the ambassador." In this way, Saito indirectly admitted that Suu Kyi expressed her view that "it is still too soon [for Japan] to resume aid [to Burma]."

Regarding the issue of resuming yen loans to Burma, Saito disclosed that Japan intends to partially resume yen loans, saying: "Although plans for a total resump-

tion are not being considered, we are studying what can be done in consideration of the release (of Suu Kyi)."

**Official Interviewed on Diplomatic Issues**

*OW1807081795 Tokyo TOKYO SHIMBUN  
in Japanese 15 Jul 95 Morning Edition p 2*

[FBIS Translated Text] Vice Minister of Foreign Affairs Kunihiko Saito gave an interview to TOKYO SHIMBUN at the Ministry of Foreign Affairs on 14 July, in which he discussed diplomatic issues for Japan in the second half of 1995.

During the interview, Saito expressed his satisfaction with recent changes in the situation in Southeast Asia, including the normalization of relations between the United States and Vietnam and the Myanmar [Burmese] military junta's release of Aung San Suu Kyi from house arrest. He said, "Both are very welcome developments."

Specifically, with regard to Suu Kyi's release, Saito stated: "The international community appreciates this, and the Japanese Government is considering certain steps to convey this message to Myanmar's military administration. We will make a decision shortly." He indicated that new policies toward Myanmar, particularly offers of substantial grants-in-aid as part of Japanese Official Development Assistance (ODA) will be decided upon soon.

On the other hand, regarding the PRC, which now fears containment by the United States, Saito pointed out that, "China's modernization of its arms and continuation with nuclear testing are a cause of concern not only for Japan but also for all Southeast Asian countries." He emphasized that "China is very nervous about Japan's relations with Taiwan. Japan needs to keep this in mind constantly."

Coming to the subject of Japan-U.S. relations, Saito indicated that the bilateral summit meeting to be held in November, when U.S. President Bill Clinton visits Japan as an official guest, and the "two plus two" meeting (between the Japanese minister of foreign affairs and Defense Agency director general and the U.S. secretaries of state and defense) to be held in the United States to coincide with the opening of the UN General Assembly in September will reaffirm the importance of the Japan-U.S. security pact. He said Japan particularly wants to issue a joint communique to this effect after the summit meeting.

With regard to the pending issue of dispatching Self-Defense Forces to the Golan Heights to participate in the UN peacekeeping operations (PKO), he stated explicitly that he would like "the dispatch to take place"



by February 1996 when the Canadian forces are due to be replaced.

As for yen loans to Iran, he commented that "we are not thinking of suspending such loans." He confirmed that yen loans will be provided when the time is ripe.

#### **Keidanren Unveils Package To Foster Businesses**

*OW1807132495 Tokyo KYODO in English  
1251 GMT 18 Jul 95*

[FBIS Transcribed Text] Tokyo, July 18 KYODO — An influential business group released a report Tuesday [18 July] emphasizing the importance of fostering new businesses to revitalize the Japanese economy.

The creation of new businesses is important to secure jobs amid the hollowing out of Japan's industrial base caused by the maturation of key industries and the yen's steep appreciation, the Federation of Economic Organizations (Keidanren) said in the report.

To foster new businesses, Keidanren called for the introduction of a stock options system that gives directors and employees the right to buy shares in their companies and earn large profits from stock price increases on the improvement of their companies' operations.

In the United States, the stock options system is indispensable for venture businesses to hire competent workers, Keidanren said.

Keidanren also stressed the need to create free and active markets by abolishing unnecessary business practices and promoting deregulation.

Other recommended steps include a corporate tax cut and other tax reforms, and a review of the lifetime employment system.

#### **MOF Considering Tax Cut for Venture Companies**

*OW1907030195 Tokyo KYODO in English  
0223 GMT 19 Jul 95*

[FBIS Transcribed Text] Tokyo, July 19 KYODO — The Ministry of Finance (MOF) is considering tax reductions for venture companies as part of efforts to create new business, Finance Minister Masayoshi Takemura said Wednesday.

"Tax cuts, including a reduction in corporate tax, should be studied so as to foster venture companies and new businesses," Takemura said in a speech to the industry and labor round table conference.

The proposal coincided with the launch of a second over-the-counter market meant to foster loss-making but promising venture companies.

Turning to the currency market issue, Takemura reiterated his perception that the yen's surge against the dollar is still in a process of "reversal."

"I and U.S. Treasury Secretary Robert Rubin basically share the same view on the issue," Takemura said, indicating the need for a further upswing in the dollar's value against the yen.

Top finance officials of the Group of Seven industrial nations pledged in an April meeting in Washington to strive for "an orderly reversal" of the yen's rapid appreciation against the dollar.

In Tuesday's Tokyo trading, the dollar rose to a three-and-a-half-month local high against the yen briefly.

On the economic front, Takemura said the Finance Ministry will formulate a large-scale second supplementary budget for fiscal 1995 in the fall.

Economic recovery has come to a standstill, he said.

Takemura also said the ministry will strive to complete the disposal of bad loans held by banks in five years, as the ministry said in its recent guidelines for stabilizing the financial system.

He said the ministry will craft specific steps on that issue toward the next Diet session in the fall.

"Government involvement" in bad-loan disposal and how to raise the necessary funds will be studied, Takemura said.

#### **MOF Considers Merger of Housing Lenders**

*OW1807120495 Tokyo KYODO in English  
1104 GMT 18 Jul 95*

[FBIS Transcribed Text] Tokyo, July 18 KYODO — The Finance Ministry [MOF] started looking into banks Tuesday [18 July] about what they think should be done to their eight housing loan firms which are burdened with huge debts.

The firms — Japan Housing Loan Inc., Nippon Housing Loan Co., Housing Loan Service Co., Sogo Jukin Co., Daiichi Housing Loan Co., Jyuso Inc., Chigin-Seiho Housing Loan Co. and Co-Op Housing Loan Co. — have a total of more than 6 trillion yen in nonperforming loans which are badly affecting their parent banks.

The Finance Ministry and the Bank of Japan are now considering streamlining the eight firms into two or three in an effort to solve the bad debt problem that is casting gloom over the Japanese economy, ministry sources said.

During the first round of hearings Tuesday, none of the parent banks — commercial banks, regional banks



and agriculture-related financial organizations — gave a clear indication of whether they think the firms should be closed or retained, a ministry source said.

If the intention to retain them becomes clear in the course of the hearings, the finance ministry will try to figure out ways in which the parent banks can help the troubled firms, the sources said.

Should it turn out that most banks favor closing the firms, the ministry will discuss specific schemes for liquidation and ways to share the losses that will result among the banks, they said.

The ministry will also find out how much progress is being made in the 10-year reconstruction plan forged in 1993. Of the eight firms, only Jyuso has managed to reach its target in the plan for the latest year.

The Financial System Research Council, an advisory body to the finance minister, is considering ways to rescue any parent institutions whose management might be threatened by losses stemming from liquidation of the firms. The council, which is also thinking of using public money for such a rescue scheme, will come up with an interim report in September.

In addition, the finance ministry is planning to ask the eight firms about the exact amount of their bad loans from the middle of next month, the sources said.

#### **Former Heads of Failed Credit Unions Indicted**

OW1807105195 Tokyo KYODO in English  
0825 GMT 18 Jul 95

[FBIS Transcribed Text] Tokyo, July 18 KYODO — Prosecutors indicted three former top officials of two failed credit unions Tuesday [18 July] for breach of trust in making illegal loans from the unions to companies closely connected with two of them.

The Tokyo District Public Prosecutors Office indicted Harunori Takahashi, 49, former president of Tokyo Kyowa Credit Association, and Shinsuke Suzuki, 47, former president of Anzen Credit Bank.

They also indicted Shirokichi Ito, a 61-year-old former executive of Anzen.

Prosecutors did not indict a fourth suspect, Hiroaki Kawano, 52, because his involvement in the case was considered minor.

Kawano, president of a golf course developer which allegedly received dubious loans from Anzen, was arrested in July together with the other three on the same charge.

According to the prosecutors, Takahashi was responsible for some 11.9 billion yen in illegal loans, and Suzuki

and Ito were together responsible for some 27.9 billion yen in illegal loans.

In February, the two credit unions filed breach of trust complaints with prosecutors and police against Takahashi and Suzuki, accusing the two of granting huge amounts of illegal loans without sufficient collateral.

Both credit unions folded due to their huge bad debt burdens. The operations of Tokyo Kyowa and Anzen were taken over by Tokyo Kyodou Bank, which was specially established last January under a rescue plan for the two institutions.

#### **Report Urges Focus on Better Living Conditions**

OW1807044695 Tokyo KYODO in English  
0141 GMT 18 Jul 95

[FBIS Transcribed Text] Tokyo, July 18 KYODO — The government's first "deregulation white paper" called Tuesday [18 July] for placing more weight on improving people's living conditions, changing the structure of industry and attaining international harmony in carrying out a decontrol program.

The white paper, submitted by Management and Coordination Agency Director General Tsuruo Yamaguchi, was approved at the day's cabinet meeting.

The report stressed the importance of promoting deregulations from new points of view due to the recent changes in social and economic situations.

In particular, it pointed to achieving a higher quality of the people's living standards, shifting Japan's industrial structure to one more suited to market principles and international harmonization of Japan's rules and systems.

The report also recommended that relations between government survey results on price gaps between Japanese and overseas markets and the effects of government restrictions on price gaps should be reflected in revisions of the deregulation program.

It said the revisions of the programs should be made in a transparent manner, with the process of revision being published.

The white paper is a product of the government's deregulation program approved in March, which mandated the government to draw up such a report every year to supply related information to the public.

The report also enumerated the results of the deregulations so far, including an increase in the opening of large stores and in the number of subscribers for mobile phones.

The number of opening registrations of large-scale retail stores, for instance, grew from 790 in fiscal 1989 to



1,930 in fiscal 1994, which ended in March 1995, thanks to the retail business deregulation steps.

The number of cellular phone subscribers also picked up to some 4.3 million at the end of fiscal 1994 from about 2.1 million at the end of fiscal 1993.

#### **Review of Pension Fund Management Urged**

*OW1707123295 Tokyo KYODO in English  
1142 GMT 17 Jul 95*

[FBIS Transcribed Text] Tokyo, July 17 KYODO — A study panel of the Health and Welfare Ministry's Pension Bureau issued a report Monday [17 July] recommending a package of measures to improve the management of public pension funds.

The package includes a proposal to permit the Governmental Pension Welfare Service Public Corp. to borrow funds directly from the special account for pensions so as to lower management costs.

Currently, reserves for employees and national pensions are lent in whole from the account to the finance ministry's trust fund bureau. Some 80 percent of the reserves are used to finance treasury investment and loan programs, while the remaining 20 percent, or about 23 trillion yen, is managed by the corporation through investment in stocks and other instruments.

The management of such pension funds has accumulated losses of around 120 billion yen due partly to lower stock prices.

The panel noted that the current system for borrowing funds for management from the trust fund bureau on an annual basis structurally incurs losses unless investment produces profits.

Accordingly, direct borrowing from the special account without the medium of the bureau deserves consideration as a step toward reducing fund management costs, the panel said.

As to risks involved in the management of public pension funds on the stock market, the panel said stock investment should not exceed 30 percent of assets.

#### **Tokyo Adopts New Disaster Response Guidelines**

*OW1807044795 Tokyo KYODO in English  
0208 GMT 18 Jul 95*

[FBIS Transcribed Text] Tokyo, July 18 KYODO — The government formally endorsed a plan Tuesday [18 July] dealing with natural disasters calling for better use of the Self-Defense Forces (SDF) and promotion of earthquake-proof designs for buildings and gas, water and electricity systems.

The new scheme, mapped out by the central disaster prevention council to heed the lessons of the Jan. 17 earthquake that devastated the western port city of Kobe and its vicinity, replaces the existing one written 32 years ago.

The plan requires the SDF and local governments to strengthen their cooperation in the event of a major disaster and draft manuals on how to act smoothly in dealing with disasters on a case-by-case basis.

The scheme allows the SDF to dispatch helicopters and surveillance aircraft to monitor the situation in a disaster area without requests from the municipalities as is currently required.

Under the plan, should communication with a disaster area be interrupted, the SDF could move in for data gathering and rescue operations on their own account.

It calls for making use of monitoring cameras and video systems aboard helicopters that send data on disaster areas directly to the central and local governments, allowing them to grasp the scope of damage and casualties early on.

To that end, it calls on the municipalities to have a heliport and telecommunications equipment to be used in case of emergency.

The plan also requires the municipalities to register volunteers as disaster relief workers and provide support to them and make sure that residents take basic emergency preparations such as stockpiling water and food to live on for two to three days.

Looking ahead, the plan urges the government to build a geographic database on old buildings and detailed maps to forecast damage likely to be caused by a major disaster.

Taking a lesson from the delay in rescue and relief operations after the Jan. 17 quake, the plan stipulates the municipalities build emergency transportation facilities to smooth the delivery of relief goods and the dispatch of relief workers.

Prime Minister Tomiichi Murayama told the council he expects government ministries to review their disaster-related operations on the basis of the new scheme so as to act promptly in the event of a disaster.

"This plan must be steadily implemented rather than being left as only a plan," he said.



**DA To Seek Budget for TMD Study With U.S.**

*OW1807121995 Tokyo KYODO in English*

*1115 GMT 18 Jul 95*

[FBIS Transcribed Text] Tokyo, July 18 KYODO — The Defense Agency has decided to seek a 30 million yen outlay in the fiscal 1996 budget to launch a joint Japan-U.S. study on the theater missile defense (TMD) system proposed by the United States, agency sources said Tuesday [18 July].

The agency is likely to consign the joint research to the Mitsubishi group of companies led by the Mitsubishi Research Institute and Lockheed Corp., the sources said.

The agency sent an official to the U.S. earlier this month for the project, the sources said.

President Bill Clinton has proposed to spend \$12 billion on the TMD program, which has become a focal point in the Japan-U.S. defense talks.

Some Japanese defense officials and experts have voiced a cautious view over Japan's commitment to the program, citing dubious effects and huge anticipated costs.

A Defense Agency source, however, said Japan will benefit technologically from the planned joint research even if the TMD fails to materialize.

Japan has shown interest in the TMD in the face of the threat from North Korean and Chinese missiles.

Some Japanese companies are not so eager about joining the project since its profitability is far from clear and since the total development cost could hit 4 trillion yen.

**Polls Suggest SDPJ Facing Election Losses**

*OW1907031395 Tokyo KYODO in English*

*0147 GMT 19 Jul 95*

[FBIS Transcribed Text] Tokyo, July 19 KYODO — Newspaper polls published Wednesday endorsed a growing conviction that Prime Minister Tomiichi Murayama's Social Democratic Party (SDP) [of Japan—SDPJ] will fail to win its targeted 22 seats in Sunday's House of Councillors election.

The polls conducted by three national dailies also showed the Liberal Democratic Party (LDP) is set to take about 50 or so of the 126 seats being contested, casting doubts on whether the tripartite ruling coalition can grab 75 or more seats, the number of its seats up for election.

The coalition consists of the LDP, SDPJ and New Party Sakigake [Harbinger] and now holds 155 seats in the 252-seat Upper House.

Murayama has said the Upper House election will be a vote of confidence in the ruling coalition if it increases its majority.

The polls by the ASAHI SHIMBUN, MAINICHI SHIMBUN and YOMIURI SHIMBUN showed the main opposition party Shinshinto (New Frontier Party) set to grab at least 30 seats, but leave it unclear whether it can take its targeted 38 seats.

An ASAHI SHIMBUN poll of 150,400 eligible voters nationwide showed the LDP poised to take at least 50 seats, the SDPJ set to win 17 seats and Shinshinto likely to grab some 32 seats.

The poll, conducted on July 15 and 16, showed the ruling coalition likely to win some 70 seats.

The ASAHI said the findings remain subject to change because nearly 70 percent of voters remain undecided yet on who to vote for in electoral districts and nearly half of them on which party to vote for in the proportional representation part of the ballot.

According to a MAINICHI SHIMBUN poll carried out July 14 to 16 among 40,630 voters nationwide, the LDP will win 49 to 55 seats, with the SDPJ poised to grab 12 to 17 seats.

The MAINICHI said the findings suggest that it will be difficult for the coalition to hold 75 seats.

The MAINICHI poll put the number of seats likely to go to Shinshinto at 31 to 36.

A YOMIURI SHIMBUN poll conducted from July 14 to 16 among 56,100 voters nationwide found that the LDP is likely to win at least 50 seats, with the SDPJ seen falling short of 20 seats.

According to the YOMIURI poll, Shinshinto is likely to win 30 or more seats.

**LDP, SDPJ Likely To Gain Seats in Election**

*OW1807235395 Tokyo KYODO in English*

*2309 GMT 18 Jul 95*

[FBIS Transcribed Text] Tokyo, July 19 KYODO — The Liberal Democratic Party (LDP), the largest component in the three-party ruling coalition, is likely to take 50 seats or less in the July 23 House of Councillors elections, a KYODO NEWS SERVICE survey indicated Wednesday.

Thirty-three LDP seats will be contested this time, and the party is fielding 66 candidates.

The Social Democratic Party (SDP) [of Japan—SDPJ], a smaller coalition partner, is likely to take 15 to 19



seats, below the 22-seat target set by SDPJ chairman and Prime Minister Tomiichi Murayama.

Forty-one SDPJ seats will be up for election in the polls, and the party is putting up 40 candidates.

With New Party Sakigake [Harbinger], the smallest coalition partner, facing tough contests in prefectural constituency races, the ruling coalition appears unlikely to secure its combined 75-seat target. The three parties have a combined 75 seats to be contested.

The one seat that Sakigake has in the chamber will be up for election. Sakigake is fielding a total of 15 candidates in the polls.

Voters will elect 126 members, half of the 252 seats in the second chamber, with 76 elected from prefectural constituencies and 50 through proportional representation.

Shinshinto (New Frontier Party), the largest opposition party and facing its first full-fledged Diet election after formation last December through the alliance of nine opposition groups, is likely to get 30 seats.

Nineteen Shinshinto seats will be at stake in the election. The party is putting up 62 candidates.

the Japanese Communist Party (JCP) is likely to increase its current number of five seats in the upcoming polls. The JCP is fielding 72 candidates.

The small upper house parliamentary bloc Niin Club might retain the one seat it has, but other small groups appear to be in a slump.

The predictions are based on a nationwide opinion poll conducted between Friday and Sunday on 66,000 eligible voters with a response rate of 57 percent, and also on information gathered by KYODO reporters throughout Japan.

About a third of the respondents did not say which candidates or parties they plan to vote for.

LDP candidates are likely to win in such single-seat constituencies as Toyama, Tokushima, Ehime, Kagawa and Saga prefectures and have leads in Yamanashi, Wakayama, Shimane and Miyazaki prefectural single-seat districts.

In double-seat constituencies such as Tochigi, Gunma, Gifu, Chiba and Kagoshima, LDP candidates are likely to take a seat each, and they have good chances to win in Ibaraki, Niigata, Shizuoka, Hyogo, Okayama and Hiroshima, also double-seat areas.

Whether the LDP can take a total of 50 seats depends on whether it can win in Fukui, Nagano, Kochi and

Nagasaki prefectures where the party is involved in intense races.

The SDPJ is unlikely to reach 12 seats in constituency polls, which is the figure the party got in the 1992 upper house elections.

SDPJ candidates are likely to win in Oita and Kagoshima and have fair chances to win in Hokkaido and Gunma, and they are faring well in Fukushima, Ibaraki, Niigata and Nagano, but it is hard to win in single-seat constituencies and urban areas.

Shinshinto holds leads in urban areas such as Tokyo, Saitama, Kanagawa, Aichi, Osaka and Hyogo, as well as in Iwate and Nagano.

The Democratic Reform party, a small group backed by labor unions, is likely to win in Tochigi. The JCP is likely to take a seat in Osaka.

In the proportional representation race, the LDP is likely to get about 18 seats, the SDPJ around 10, Shinshinto some 14, the JCP five or so, Sakigake around two and Niin Club one.

#### **LDP Support Rate Down, Independent Numbers Up**

*OW1907100195 Tokyo KYODO in English  
0933 GMT 19 Jul 95*

[FBIS Transcribed Text] Tokyo, July 19 KYODO — The support rate for the Liberal Democratic Party (LDP) has plunged by 18 percentage points while the number of survey respondents calling themselves "unaffiliated" has doubled from three years ago, a KYODO NEWS SERVICE poll showed Wednesday [19 July].

The poll, conducted over the weekend with a total sample size of 66,000 voters nationwide, puts the support rate among those answering at 26.9 percent for the LDP, the largest component of the three-party ruling coalition, and at 15.0 percent for the main opposition party Shinshinto (New Frontier Party).

The Social Democratic Party (SDP) of Prime Minister Tomiichi Murayama, a coalition partner of the LDP, garnered support from 10.7 percent of the respondents, down six points from a similar survey three years ago.

New Party Sakigake, the smallest coalition partner, got 2.1 percent and the Japanese Communist Party (JCP) 3.2 percent.

Unaffiliated voters accounted for 31.2 percent of the respondents, almost double the figure of three years ago, while 9.0 percent declined to reveal their affiliation.

Shinshinto was created last December out of a grand coalition of noncommunist opposition parties, and no comparative figure is available.



One week before the election of the House of Councillors, about half of the respondents said they had not decided yet on which party or candidate to vote for.

For the proportional representation part of the election, 26.4 percent said they would vote for the LDP, 19.0 percent for Shinshinto, 11.4 percent for the SDP, 4.3 percent for the JCP and 2.2 percent for Sakigake.

for the constituencies, 52.6 percent of the respondents said they had not yet decided on which candidates to vote for

By region, the LDP was the most popular party in 28 of the 47 prefectures.

The number of respondents terming themselves independent was particularly high in the Tokyo metropolitan area, with the rate surpassing 40 percent in Saitama Prefecture, north of Tokyo.

About half of the voters in their 20s and 45 percent in their 30s said they were unaffiliated.

The poll also found that only 52.0 percent of the respondents are interested in Sunday's upper house election.

Going by past data, this suggests that voter turnout may drop below a record low of 50.7 percent in the previous upper house poll in 1992.

#### **'Floating Voters' Seen Playing Pivotal Role**

OW1907000295 Tokyo KYODO in English  
2342 GMT 18 Jul 95

[By Nobuyuki Suzuki]

[FBIS Transcribed Text] Tokyo, July 19 KYODO — Three months after "floating voters" stunned political parties by choosing an independent candidate as Tokyo governor, voters without party affiliation are likely to play a crucial role again in the Japanese capital on Sunday in the House of Councillors election.

In April's gubernatorial election in Tokyo, former Upper House member Yukio Aoshima scored an upset win over former Deputy Chief Cabinet Secretary Nobuo Ishihara, who was backed by key political parties except for the main opposition Shinshinto (New Frontier Party) and the Japanese Communist Party (JCP).

A growing number of nonaligned voters who are fed up with the current state of politics seemed to have brought about the surprise outcome.

Tokyo is the biggest district in the country with more than 9.5 million voters, and 72 candidates, the largest ever marked in the capital, are running for four seats. The previous record of 52 candidates was set during the last election three years ago.

Of the eight candidates expected to have the chances of winning in the campaign, only two — Yuichiro Uozumi of Shinshinto and Yasuo Ogata of the JCP — are placing an emphasis on party policy.

Uozumi, whose leading supporters are organizations affiliated with Komei, Shinshinto's powerful in-house associate, stresses that he is strongly against the policies of the administration of Prime Minister Tomiichi Murayama, who heads the Social Democratic Party (SDPJ) [of Japan—SDPJJ] of the tripartite ruling coalition.

In previous Upper House elections in the Tokyo district, every candidate on the Komei ticket has won a seat since the party's inauguration in 1964.

"I am encouraged by the backing my supporters are offering," says Uozumi, a lawyer, adding he feels that his party is strongly united behind him.

This is the first major election in Tokyo for Shinshinto, led by former Prime Minister Toshiki Kaifu but actually managed by Secretary General Ichiro Ozawa, the party's top election strategist, who is eager for Shinshinto to win a seat in the capital.

Meanwhile, Ogata, head of the JCP's international division, says the constitution and campaign promises should be respected in line with the party's policy.

He says the current political scene in Japan is dominated by party structure and predicts he will win if he can make voters understand that the JCP is doing its best to improve Japanese politics and the economy.

In the last Upper House election in 1992, voter turnout in the Tokyo district was the second lowest ever at 46.58 percent, scarcely above the record low of 44.82 percent in 1953.

By taking into account that the number of unaffiliated voters has been on the rise, turnout in the upcoming election could well post a record low, in which case a candidate with more block votes would have a better chance of winning.

Aside from Uozumi and Ogata, the other main candidates are all trying hard to woo nonpartisan voters in a bid to win a seat, including Sanzo Hosaka of the ruling-coalition Liberal Democratic Party (LDP) and Heiwa Shimin's Hideo Den, the only incumbent in the district running for reelection.

Previously, LDP support would have assured Hosaka a solid victory. Hosaka, however, is reluctant to stress his party in his campaign, saying, "what we have to do now is bring back the people's trust in politics."



Hosaka, a member of the Tokyo Metropolitan Assembly for 22 years, says he wants former LDP supporters to return and vote again for the party.

The LDP is fielding Hosaka as its only candidate in Tokyo, indicating how desperate the largest component of the ruling coalition is to keep a seat in the capital.

Den, who has served four terms as an Upper House member for a total of 24 years, says the floating voters are curious about the current political situation and they are taking great care in judging candidates.

Den, a former journalist, is calling for peace and the participation of ordinary people in politics. He says he can feel people's anger toward politics and that more and more voters are responding to his campaign message.

Although Kikuko Suzuki was elected in the 1990 lower house election on the SDPJ ticket, she is running as an independent candidate this time, saying she hopes to win support from people of all political persuasions.

Three other strong candidates, Mieko Kenjo, Atsuo Nakamura and Ken Ogata, have little in common in their political stances but have exactly the same campaign strategy — to win support from nonaligned voters.

Independent Kenjo, a former announcer, stresses that her policies are different from candidates of the major parties, saying, "I want ordinary people to play a major role in politics."

Nakamura is an actor running on the ticket for New Party Sakigake [Harbinger], the smallest component of the ruling coalition. He says it's time for Japanese society to be restructured and is calling for closed-door discussion to be made public so that politics are less dominated by bureaucrats.

Ogata, from a group called "Solidarity on the Constitution and Agriculture," says that the principle and actual practice of politicians often differ. His policy is simple — politicians should say only what they really think.

Tokyo candidates, apparently feeling people's distrust of politics and politicians, are concerned that more people are becoming floating voters as the 17-day campaign period heads into the final stretch.

And to win in the election, it may be more important for a candidate to have the talent to attract nonpartisan voters during the campaign instead of real abilities as a politician.

### **LDP Leaders Seek 64-Seat Minimum for Victory**

*OW1907103995 Tokyo KYODO in English*  
0851 GMT 19 Jul 95

[FBIS Transcribed Text] Tokyo, July 19 KYODO — Senior Liberal Democratic Party (LDP) lawmakers said Wednesday [19 July] the ruling coalition can consider it a victory if candidates from the three governing parties win 64 seats in Sunday's House of Councillors election.

LDP Vice President Keizo Obuchi and two other senior party members said in separate comments that the upper house election would be a vote of confidence in the administration of Prime Minister Tomiichi Murayama, adding that they are actually looking forward to coalition candidates winning more than just 64 seats.

"The three parties will endeavor to maintain their authority with more than a majority and support the government. Among the three parties, 64 seats would be appropriate, but we cannot be satisfied with that and should hope to take as many seats as possible," Obuchi told reporters in Nagoya, central Japan.

The LDP vice president would not predict how many seats would be won by his party, but suggested the party wants to "maintain a number which cannot be criticized by party executives."

Former Prime Minister Yasuhiro Nakasone said in Tokyo he expects his LDP, Murayama's Social Democratic Party (SDP) and New Party Sakigake, an LDP splinter group, to win around 70 seats.

Former Foreign Minister Hiroshi Mitsuzuka echoed the two colleagues at a press conference in Iwanuma, Miyagi Prefecture, saying that the LDP alone could grab 55 seats.

A KYODO NEWS SERVICE poll indicated Wednesday that the LDP, the largest coalition member, can expect to win about 50 seats in the election while the SDP is likely to take 15 to 19 seats.

A total of 75 seats held by coalition parties, including one from Sakigake, are being contested.

Voters will elect 126 members, half of the 252 seats in the second chamber, with 76 elected from prefectural constituencies and 50 through proportional representation.

### **Opposition Policy Advocates Support for Farmers**

*OW1807104295 Tokyo KYODO in English*  
0847 GMT 18 Jul 95

[FBIS Transcribed Text] Tokyo, July 18 KYODO — The main opposition party Shinshinto (New Frontier



Party) announced Tuesday [18 July] a new policy "vision" that advocates self-sustenance in food.

It urged strong government support for farmers, saying that the nation's agriculture will collapse due to lack of young workers if no steps are taken.

The party proposed government financing to improve infrastructure for farming, government leasing of farm equipment and income subsidies to farmers in mountainous areas.

It called for a new scheme to secure funds for such support under a national agreement.

Party member Kenji Yamaoka told a press conference that it is time to make a clear decision on whether Japan will maintain self-sustenance in food or depend fully on foreign countries.

#### **Ozawa Comments on Defense Budget Increase**

*OW1907071395 Tokyo NIHON KEIZAI SHIMBUN in Japanese 17 Jul 95 Evening Edition p 2*

[FBIS Translated Text] Secretary General Ichiro Ozawa of the New Frontier Party [NFP] met a group of reporters on the morning of 17 July at Sasebo City in Nagasaki Prefecture, where he visited on an upper house election stumping tour. At the meeting, he commented on how his party will deal with fiscal 1996 budget for defense expenses, over which opinions within the opposition party are divided. He explained his understanding, saying: "It would be nice if we can reduce defense expenses, but we are not in a position to do that. Personnel expenses and the issue of shouldering expenses in future fiscal years are involved. I will bow to the inevitable even if the defense budget for the next fiscal year eventually increases." On the target number of seats his party wants to win in the forthcoming upper house elections, Ozawa stressed again a view that the NFP and Democratic Reform Party are aiming at winning a majority.

#### **Shinshinto's 'Successive Scandals' Discussed**

*952B0184A Tokyo SANDE MAINICHI in Japanese 28 May 95 pp 147-149*

[Article by Taiichiro Kobayashi: "Ichiro Ozawa's Troubles From Within and Without Due to Successive Scandals Involving His Close Associates"]

[FBIS Translated Text] **Former Defense Agency Director General Keisuke Nakanishi resigned his seat in the Diet on account of his son's arrest for possessing hemp. Former Labor Minister Toshio Yamaguchi had his family enterprise searched and it is rumored that a criminal action will also be brought against him. In the face of successive scandals involv-**

**ing his close associates, Shinshinto [the New Frontier Party] Secretary General Ozawa cannot raise his spirits, and we see a cynical situation in which what has been called the "moribund" Murayama cabinet is still on safe ground. Is this a permissible development?**

On the night of 9 May, former Defense Agency Director General Keisuke Nakanishi put in a call to Secretary General Ichiro Ozawa.

"Mr. Secretary General, I am very sorry to trouble you, but I would like to resign my seat in the Diet. Please give your permission."

"What? Why?"

"My son was arrested the other day under the Hemp Control Act. I educated him wrong. To teach that fool a lesson, I have no choice but to take off my badge as a Diet member."

"I can fully understand your responsibility and your feelings as a father. Yet, Keisuke, this is not your own problem. I think you need not take this thing that hard."

"Well, I know it is selfish of me to make such a request. I have already made up my mind."

"I do not want you to resign. Take a little more time to think it over. At any rate, let us meet tomorrow."

Mr. Ozawa repeatedly dissuaded Mr. Nakanishi from resigning, but the latter, apparently taking his case seriously, did not retract his intention to resign.

Next day, on 10 May, at about 1430, a report circulated in Nagata-cho [political quarters in Tokyo] through the evening edition of YOMIURI SHIMBUN. It conveyed the fact that the eldest son (25) of Mr. Nakanishi had been arrested for a criminal act in the early dawn of 28 April for violating the Hemp Control Act. The report said that his son was driving a passenger car with broken lights under the influence of liquor on a road in the former Azabu sector in Minato-ku, Tokyo Metropolis, when he was caught in a checkup by police who were on a special alert in connection with the sarin gas incident [a sarin nerve-gas attack on Tokyo's subway system on the morning of 20 March 1995 allegedly committed by a doomsday cult called Aum Shinrikyo]. According to the report, five grams of hemp was also discovered on the inside of the dashboard.

Aum Shinrikyo's Tokyo general headquarters is situated at Minato-ku's Minamiaoyama which is close to the actual spot of the arrest. It is a matter of course that a car passing such an area with no lights on will get caught. What was worse, the driver was under the influence of



liquor and carrying hemp with him. He was described as a hell of a "big fool."

Immediately after this report circulated, Mr. Ozawa met with Mr. Nakanishi near the Diet building.

"I consulted with leading members, and many of them expressed the view that it would be enough for you to resign only your post as director of the party's Election Countermeasure Bureau. However, this is your private affair, and so, Keisuke, I can not but accept your request if you insist on it."

"I do not know how to apologize to you."

Mr. Nakanishi bowed to Mr. Ozawa, and next day he tendered his resignation to Lower House Speaker Doi.

While serving as Defense Agency director general during the Hosokawa regime, Mr. Nakanishi resigned immediately when he made a slip of the tongue, and if one says that this time, too, Mr. Nakanishi just took his responsibility in the same clear-cut manner as before, that will be that. However, a question also remains as to whether a politician should remove his or her badge as a Diet member, simply because the politician's grown-up son has raised a scandal.

Those close to Mr. Nakanishi disclose:

"The person himself became very tired. He earned everyone's resentment in adjusting the nomination of candidates for the general election though this could not be helped because he was doing his job. On the two-credit union issue [a controversy over a government-led bailout plan involving two failed credit unions—the Tokyo Kyowa Shinyo Kumiai and the Anzen Shinyo Kumiai], rumors spread as to his relations with Nori (Harunori Takahashi, chairman of the Tokyo Kyowa Shinyo Kumiai) and the stress he was under reached its peak as he was a man having an unusually strong sense of responsibility. On top of it all, he faced his son's scandal, and the strains were thus more than he could bear."

As director of the party's Election Countermeasure Bureau under Secretary General Ozawa, Mr. Nakanishi undertook alone the actual business of adjusting the nomination of candidates running in lower house, small constituencies. To Diet members, footholds in constituencies are their largest assets. Every one of them dislikes leaving his or her constituency. Their resistance to being transferred to the list of candidates for proportional representation is especially strong now that political restructuring can take place any moment. What is more, in an aggregation of various groups such as former Komeito [the Clean Government Party], the former Democratic Socialist Party [DSP], and former Shinseito

[the Japan Renewal Party], it is natural that the work for the nomination of candidates should face rough going. It is rumored that the Diet may be dissolved in the current sitting, but only a little more than half of the prospective candidates to run in 300 small constituencies have thus far been decided by the party.

#### **Suspicion Over Two-Credit Union Case Spurs Nakanishi Criticism**

"It is hard to believe that Mr. Nakanishi who has won six elections (that is, who is a medium-standing leader) can speak out and display his strength before those big leading members. They could not see whether Mr. Nakanishi was speaking only as directed by Mr. Ozawa or talking at his own discretion. This was the cause of their discontent with Mr. Nakanishi, and the discontent is still accumulating within the party. Mr. Ozawa's insufficient explanations are partly responsible in this regard, but at any rate Mr. Nakanishi's was a thankless job which earned him only resentment" (a leading Shinshinto member).

It is the suspicion over the two-credit union case that has spurred criticism against Nakanishi. Mr. Nakanishi and Chairman Takahashi have been friends for several decades, and E.I.E International, in which Mr. Takahashi works as president, purchased tickets amounting to 60 million yen for a gathering held to pep up Mr. Nakanishi in December 1987. Mr. Nakanishi also rented a high-class apartment house owned by a company, the predecessor of E.I.E International.

It seems that his connection with Mr. Takahashi has not been as close as one between Mr. Takahashi and former Labor Minister Toshio Yamaguchi who was a close associate of Mr. Ozawa and left Shinshinto. However, when his relationship with Mr. Takahashi is played up in mass media, it will unmistakably hurt Shinshinto's image. Mr. Nakanishi says that "my resignation has nothing to do with the suspicion over the two-credit union case."

However, the ruling camp plans to summon both Mr. Nakanishi and Mr. Yamaguchi as witnesses within this month at the earliest, and Mr. Nakanishi is said to be in serious agony, hoping that he will not cause further trouble to the party.

On the other hand, a leading Shinshinto member discloses how he reads Mr. Nakanishi's heart through his in-depth observation, saying that "as may be expected of a man like Mr. Nakanishi, his calculation is really top-notch."

If Mr. Nakanishi remains as a Diet member, he himself and the party as well will get hurt further. According



to the leading member, his resignation will prevent this and, on top of it, he can retract his own declaration—which he made as chairman of the Election Countermeasure Bureau—that he would transfer his candidacy to the proportional representation constituency, thereby enabling himself to run again from a small constituency. Such a guess might be a little excessive, but the possibility of Mr. Nakanishi's running in the next general election appears high.

Now, with its sudden loss of the director of the Election Countermeasure Bureau, could Shinshinto still get along all right with its preparation for the election?

The dominant view is that "the loss will have no influence now that we have come thus far up to this stage" (former Prime Minister Hosokawa). Work has almost been completed in areas where adjustment is possible through administrative arrangements. This above view is prevailing because in any case, it cannot but be Secretary General Ozawa himself who should come to the fore and adjust constituencies where incumbent Diet members compete.

There is even a voice saying: "Rather, Mr. Nakanishi's resignation will tighten intraparty discipline, improve ventilation, and step up solidarity, will it not?" (a young Diet member).

On the night of 8 May, former Economic Planning Agency Director General Hajime Funada, who is considered to represent such young Diet members, held a meeting with the Liberal Democratic Party (LDP)'s Diet Affairs Committee Chairman Taku Yamasaki and former Posts and Telecommunications Minister Junichiro Koizumi—two of the LDP's YKK (a trio forming the central force of Group Shinseiki with Y standing for Yamasaki, K for Koizumi, and the other K for Mr. (Koichi) Kato, chairman of the Policy Affairs Research Council). With the meeting, he caused a ripple in the political situation as a pioneer of the conservative-conservative coalition. However, he later explained to those around him that "I was entrapped by YK." He said so because it was clear that what Shinshinto was asked for was not cooperation with the LDP, but overthrowing the Murayama government.

#### **As He Has Lost His Close Associates, Will Ozawa Play Final Games?**

On 11 May, representing the "Forum of Thinking of the Prime Minister's Aptitude," Mr. Funada and others submitted to their party head, Kaifu, a request that a no-confidence motion be presented. At the same day's executive meeting, Mr. Ozawa, too, referred to "the remarks on the limits" of Prime Minister Murayama, saying: "Rules acquired from experience also indicate

that with such an issue now on the tongues of people, the fluidity of the political world will speed up. The situation is stern for Shinshinto as well, but let us work to promote mutual understanding through an exchange of information and cope with the situation in one united body." It is clear that the Murayama government's days are numbered. If Shinshinto presents a no-confidence motion, there is a high possibility that part of the LDP will support it, resulting in its passage. When the prime minister chooses a resignation en bloc, it will be linked to a reorganization in which ruling and opposition parties will be mixed in confusion. However, if he moves to dissolve the Diet, how will things turn out?

"Clearly speaking, there will be no good results for Shinshinto. Diet members from the LDP and Komeito who originally have solid foundations will survive, but the former Japan New Party and the former DSP may be blown off. And the Social Democratic Party of Japan (SDPJ), too, will vanish, followed by the birth of Prime Minister Kono with the LDP's winning a single majority. Will this [the presentation of a no-confidence motion] be a good idea or not? Will it be a good thing to press this nuclear button hastily? The situation is stern" (a leading Shinshinto member from former Shinseito).

According to this leading member, if his party let the moribund Murayama government carry out the upper house election singlehandedly [without presenting a no-confidence motion], the SDPJ will suffer a crushing defeat and the Murayama government will collapse of its own accord. He says that the government to be formed after then will assume the character of a caretaker cabinet and that until then, Shinshinto should have an appeal to the people with its clearer, policy-oriented, pivotal role and bring about a dissolution and a general election in autumn with full preparedness.

However, a public opinion calling for the Murayama government's resignation and, at the same time, the Diet dissolution is gaining force day by day. Can Shinshinto withstand this pressure?

"From the outset, Shinshinto is a party for election purposes. It is a party for a transitional period, and so it naturally lacks a sense of stability. If there is no election for a long time, the party will be disconnected, but when it is poised for an election its centripetal force converging on the secretary general naturally strengthens. The party certainly has not completed its selection of candidates, but the ruling camp is not strong either. Because the people are seeking reform, our party—though it is a newcomer—can be a match in the fight to overthrow the LDP-SDPJ government. Sink



or swim, the party should make the final choice and dash into the water" (former Komeito Diet member).

Opinion is thus divided within Shinshinto as well.

A leading member close to Mr. Ozawa complains: "Strangely, as if to show he is an understanding person, Mr. Ozawa has remained calm since Shinshinto was formed. However, it is annoying to us to see our secretary general being simply a good boy."

At his news conference on 12 May, Mr. Ozawa said: "We do not think that the present LDP-SDPJ government, the Murayama government, is fully responding to the need of the people at this important time for Japan, and so we do not place confidence in this government. It is tactical arguments and expedient judgments that we need hereafter."

It was such "expedient judgments" with which he formed the Hosokawa government. He later met with the LDP's counterattack based on its Murayama support and went out of power. Now that Mr. Ozawa has lost his close associates Mr. Yamaguchi and Mr. Nakanishi, he is going to play his final games.

### North Korea

#### Kim Chong-il Poses With Officers at Kumsusan

SK1907064395 *Pyongyang KCNA in English*  
0431 GMT 19 Jul 95

[FBIS Transcribed Text] Pyongyang, July 19 (KCNA) — The great leader Comrade Kim Chong-il, chairman of the National Defence Commission of the DPRK and supreme commander of the Korean People's Army [KPA], had a picture taken Tuesday with officers and men of the KPA involved in the construction of the Kumsusan Memorial Palace.

When Comrade Kim Chong-il arrived, KPA soldiers warmly welcomed him, shouting "Long Live Comrade Kim Chong-il, Respected Supreme Commander!"

Present on the occasion were Choe Kwang, vice-chairman of the DPRK National Defence Commission and chief of the General Staff of the KPA; KPA Vice Marshal Yi Ul-sol, member of the Workers' Party of Korea Central Military Commission and member of the DPRK National Defence Commission; Generals Yi Pong-won and Kim Myong-kuk, members of the WPK Central Military Commission; KPA General Kim Tunam and Col. General Pak Chae-kyong.

Comrade Kim Chong-il highly praised the KPA soldiers for the heroic feats they had performed in the noble project of building the Kumsusan area as the supreme holy land of *chuche* to preserve the great leader President Kim Il-song in state.

He had a picture taken with them.

The participants renewed their firm resolve to creditably discharge their mission and duty as the main force for the accomplishment of the *chuche* revolutionary cause under the party's leadership and defend their country and motherland like an impregnable fortress.

#### Reunification Festival Meeting Held in Tashkent

SK1807105895 *Pyongyang KCNA in English*  
1018 GMT 18 Jul 95

[FBIS Transcribed Text] Pyongyang, July 18 (KCNA) — A joint meeting was held in Tashkent, Uzbekistan, by the International Korean Association (Unity) "Kothongryon", Kothongryon of Uzbekistan and Kothongryon of Yangibazar District, Tashkent, for a successful holding of a grand national reunification festival marking the 50th anniversary of Korean liberation.

The meeting was addressed by members of Kothongryon and other Korean nationals.

The speakers said that successfully holding the festival will mark an occasion in demonstrating the Korean nation's will and desire for reunification.

Noting that if the country is reunified, it will be further prosperous, they resolved to make every possible effort to promote national reunification under the guidance of the great leader General Kim Chong-il.

#### KWP Sends Greetings to Portuguese Party

SK1907050495 *Pyongyang KCNA in English*  
0410 GMT 19 Jul 95

[FBIS Transcribed Text] Pyongyang, July 19 (KCNA) — The Central Committee of the Workers' Party of Korea [KWP] Tuesday sent a message of greetings to the National Council of the Democratic Renovation Party of Portugal on the tenth anniversary of its founding.

Believing that the relations between the two parties will continue developing favorably in the idea of independence, peace and friendship, the message wished the Portuguese party greater achievements in its activities for making a social progress, promoting the wellbeing of the people and ensuring the peace and security of the world.

#### Norwegian Communist Party Delegation Arrives

SK1807151295 *Pyongyang KCNA in English*  
1505 GMT 18 Jul 95

[FBIS Transcribed Text] Pyongyang, July 18 (KCNA) — A friendship visiting group of the Norwegian Communist Party headed by Dag Norum [name as received],



international secretary of the party Central Committee, arrived here today.

The visiting group was greeted by Yim Sun-pil, vice-director of a department of the Central Committee of the Workers' Party of Korea, at the airport.

#### **Visits Kim Il-song Statue**

*SK1907045395 Pyongyang KCNA in English  
0409 GMT 19 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 19 (KCNA) — A friendship visiting group of the Norwegian Communist Party led by Dag Norum, international secretary of the party Central Committee, visited the statue of the great leader President Kim Il-song on Mansu Hill in Pyongyang on July 18, laid a bouquet before it and made a bow with reverence for him.

#### **Kim Chong-il Leads Chuche-Based Socialism**

*952C0127A Pyongyang MINJU CHOSON in Korean  
16 Feb 95*

[Editorial: "Let Us Keep Going to Successfully Complete the Chuche-Based Socialist Cause Under the Leadership of the Great Comrade Kim Chong-il"]

[FBIS Translated Text] Our way of socialism, advancing triumphantly from generation to generation under the banner of the great chuche ideology, is continuing its development toward a new, higher plane unperturbed by the vortex of the changing times. Today, when even brighter prospects for our revolution's future have been raised, and when the entire nation, full of confidence in victory and revolutionary optimism, is vigorously accelerating the solemn march toward completing the socialist cause, we reverently celebrate the historic day—the birthday of the great helmsman Comrade Kim Chong-il—as the greatest national holiday.

The birth of the respected and beloved Comrade Kim Chong-il on 16 Feb 1942 marked the solemn rise of the lodestar of the chuche age. It was a great happy day for the nation. It marked the arrival of a great leader who was to inherit the chuche-based socialist cause and carry it forward from generation to generation until its completion. The arrival of the respected and beloved Comrade Kim Chong-il as a great helmsman amid the blessings of the entire nation put in place the guarantee for the glorious bloodline of chuche to be firmly carried forward, and for the infinite prosperity of the fatherland and the everlasting happiness of our posterity. It promised mankind a bright future, opening a brilliant tomorrow for the revolution. The invincibility of our way of socialism—which was charted amid formidable ordeals and which has endured the days of heroic struggle, advancing victoriously; the bright future

of the fatherland, and the happiness and honor which our people are enjoying today; and all the exciting events of the self-dependence era are all tied in with this day of glory.

Today, our people are filled to overflowing with great pride and confidence that our country, our fatherland, is unequaled and our way of socialism is number one. Looking back with deep emotions on the past days when they made revolution upholding the leadership of the great helmsman Comrade Kim Chong-il, our people humbly extend the greatest honor and warmest greetings to the respected and beloved Comrade Kim Chong-il, with feelings of infinite admiration and unanimous loyalty.

The 50-odd years the great helmsman Comrade Kim Chong-il has lived since his birth, with the wishes of the people on his shoulders, have been the most glory-filled revolutionary history of a great revolutionary and a great helmsman. He has devoted everything he had to the sacred cause of the fatherland, the people, and the revolution, and to a course filled with pride, along which he has led the chuche-based socialist cause to brilliant victories.

The great leader Comrade Kim Il-song taught as follows:

**"Our revolution has entered a new period of upsurges under the leadership of Comrade Kim Chong-il. Since Comrade Kim Chong-il's leadership began, new changes began taking place in the work of various political, economic, and cultural spheres, as well as in party work, and great innovations and upsurges have emerged on all fronts of socialist construction."**

Embarking on the road of revolution with a firm resolution to carry forward from generation to generation and bring to completion the chuche-based socialist cause that had been charted by the fatherly leader, the great leader Comrade Kim Chong-il took the helm and fought through all the formidable, historic ordeals with his brilliant wisdom, scientific insight, unsurpassed ideological theories, and extraordinary leadership. He has thus led the struggle of our people for socialist construction along the sure path to inevitable victory. Thus, the era of the Workers Party reached its zenith, the position of our party and fatherland rose to its highest plane, and we came to have a firm guarantee for the attainment of the cause of our way of socialism.

The great helmsman Comrade Kim Chong-il has developed and enriched the chuche ideology as the accomplished guiding ideology of revolution in the self-dependence age providing a firm guarantee for the victory of the socialist cause.



The most important mission entrusted to the leader of a revolution is that of developing a guiding revolutionary ideology and showing a clear future course of the masses' cause towards self-dependence. Especially today, when socialism has failed in many countries, the question of whether the guiding ideology issue in communist construction can be resolved correctly has become a serious question in determining whether one can defend socialism against the challenges of imperialists and reactionaries attempting to reverse the flow of history and whether the socialist cause can be attained.

This important question, the resolution of which was the socialist cause of our times, has been brilliantly resolved by the great helmsman Comrade Kim Chong-il.

The great helmsman Comrade Kim Chong-il, through his energetic ideological and theoretical activities, systematized the *chuche* ideology monolithically, establishing it as the guiding ideology of our times. He further enriched, deepened and developed it with profound philosophical principles and content and with creative new ideological theories, perfecting it as the overall socialist ideology. In his classic works, including "Historical Lessons of Socialist Construction and the General Line of Our Party," "Our Way of Socialism Centering on the Masses of People is Invincible," "On the Basic Problems in the Construction of the Revolutionary Party," "Slanders Against Socialism Will Not Be Tolerated," and "Socialism Is Science," the great helmsman Comrade Kim Chong-il gave inspiration to communists and revolutionary peoples struggling to rebuild socialism on new foundations with their confidence in the invincibility of socialism, providing the most correct answers to urgent theoretical and practical questions in the fulfillment of the socialist cause. Today, the *chuche* ideology founded by the Great Leader and deepened and developed by the great helmsman Comrade Kim Chong-il is the most correct guiding ideology for rebuilding the socialist movement and leading the masses' self-dependence cause to victory. The *chuche* ideology fully synthesizes the answers to all theoretical and practical problems that ought to be adhered to in the struggle to realize the independent stand and attitude of the masses of people; it fully systematizes ideologies, theories, and methods with which to bring the socialist cause to ultimate consummation.

Thanks to the great helmsman Comrade Kim Chong-il, who developed and perfected the *chuche* ideology as the guiding ideology of revolution in the self-dependence age, the socialist cause in our country is gaining momentum and pressing ahead along the path of *chuche*, unswervingly amid the swirl of cataclysmic changes; and the world's revolutionaries and progressive mankind are stepping up their struggles for so-

cialism and its rebuilding, vigorously using the *chuche* ideology as their guiding principle. It is an immortal ideological, theoretical achievement by the great helmsman Comrade Kim Chong-il before history and humanity that he has developed and perfected the immortal *chuche* ideology as the guiding ideology of our times, showing a clear-cut path for socialism to proceed, and that he has provided the firm guarantee that we can advance the socialist cause victoriously to its ultimate completion.

The great helmsman Comrade Kim Chong-il has led the revolution and construction sagaciously with his preeminent leadership. He has provided a firm guarantee for the attainment of the socialist cause.

The socialist cause is an awesome undertaking for re-making, reforming and remolding the nature, society, and people respectively to meet the independent demands of the masses of people. When leading this solemn march to victory with his extraordinary capabilities and skills, a leader has an opportunity to show his leadership to successfully advance the revolution and construction.

In the entire course of his leadership for the socialist cause, the great helmsman Comrade Kim Chong-il stressed the key point of strengthening the party and enhancing its leadership role. With regard to party building, he put forth the guideline calling for the conversion of the whole society to the *chuche* ideology, ensuring that it is implemented thoroughly. He thoroughly established the party leadership system for the revolution and construction. At the same time, he held the banner of ideological theory high and, in regard to party activities, gave top priority to ideological indoctrination and human remolding programs. By putting forward the slogan "We Serve the People," he led the party to positively struggle to protect the people's interests and meet their independent demands in a better way. It was an extraordinary achievement indeed, which developed our party into an invincible force with unity and solidarity based on the *chuche* ideology, and into a tested, leading political organization with combat strength. It converted the party and the masses of people into a powerful *chuche* unified into one sociopolitical organism and enabled them to use the might of *chuche* to accomplish great historic innovations in the revolution and construction.

Our revolution has entered a period of new upsurge, thanks to the sagacious leadership of the great Comrade Kim Chong-il. Since the great Comrade Kim Chong-il began leading the socialist cause, there have been new changes in the work in various sectors of the political, economic, and cultural spheres as well as in



the party work, and great innovations have been reported on all fronts of socialist construction. Today, amazing results are being achieved in the fulfillment of the three revolutions—the ideological, technological, and cultural revolutions—while great monumental creations adding luster to the Workers Party era are springing up. These magnificent realities are a vivid demonstration of the sagacity of the leadership of the great Comrade Kim Chong-il.

The leadership of the great Comrade Kim Chong-il has brought new changes in the building of the revolutionary armed forces, too. With an inflexible will, indomitable courage, and preeminent art of command, our supreme commander Comrade Kim Chong-il put forth the chuche-based guideline in the building of the armed forces, ensuring that it is implemented thoroughly. Thanks to the sagacious leadership of the respected and beloved supreme commander Comrade Kim Chong-il, the Korean People's Army [KPA] has grown to what it is today, a combat force of loyal personnel ready to die for the party and the revolution, and a mighty, invincible army equipped with all the powerful, offensive and defensive means, and a firm, all-people defense system has been established with the KPA as its core.

The leadership of the great Comrade Kim Chong-il—whose extraordinary wisdom showed the way to victory of the chuche cause, whose masterful organizational skills have spurred on the whole party, the whole country, and the whole army along the one road of unanimity, and who is leading the nation to victory in the revolutionary struggle and successes in construction with his bold operations and ability for revolutionary deployments—has become a decisive factor firmly guaranteeing the victory of the chuche-based revolutionary cause.

The great helmsman Comrade Kim Chong-il, leading his benevolent government that is truly for the people, extends infinite love and trust to the people, providing a firm guarantee for triumphant progresses in the socialist cause and its attainment.

In its height and width, the benevolent government of the great helmsman Comrade Kim Chong-il is the greatest government of love, trust, and broadness and has no precedence in the history of mankind. The great helmsman Comrade Kim Chong-il—whose lifetime motto comes from the precepts he inherited from the fatherly leader, "see the people as God" and "see yourself as one of the people"—infinitely endears and loves his revolutionary comrades and people, spares nothing for their honor and happiness, and extends them all his love and solicitude. Once he has bestowed

his trust on someone, the great helmsman Comrade Kim Chong-il holds them dear and looks after their destiny to the end, as his responsibility. He embraces the people of all strata in his benevolent bosom, puts them at the forefront as masters of our society, and leads them to fulfill their role as masters in every way. Even with persons having unsavory family histories or other environmental or socio-political records, if they are found to believe in our party in good faith and support socialism, and believe in the love for the country, the people, and the nation, then he will embrace them, look after them, and put them at the forefront as full members of our revolution without discrimination. That is the way our respected and beloved Comrade Kim Chong-il is. The great helmsman Comrade Kim Chong-il always puts himself among the people, shares the joys and sorrows of their lives, and extends all benefits and solicitude for the happiness of the people, sparing nothing. His love and trust indeed have been the basic factors fueling loyalty and filial piety among our functionaries and working people, transforming the whole society into a big, harmonious family firmly united on the collectivist principle "one for all, all for one."

Thus, the great helmsman Comrade Kim Chong-il's benevolent government has become a firm guarantee for triumphant progress and consummation of the socialist cause, further consolidating the wholehearted unity of our revolutionary force as firm as bedrock.

Indeed, the respected and beloved Comrade Kim Chong-il has illuminated the future course of the revolution with his great ideology and theories, led the socialist cause to victories with his extraordinary, tested leadership, and turned our revolutionary force into the crystallization of pure loyalty and filial piety. Thanks to this fact, triumphant advances in and the attainment of the chuche-based socialist cause are always guaranteed.

We are confronted today with the important task that we—based on our victories thus far—must carry forward from generation to generation and complete to the end the chuche-based socialist cause charted and guided by the Great Leader.

To defend our way of socialism centering on the masses of people and successfully attain the chuche-based revolutionary cause, we, all the people, must rally even more closely around the great Comrade Kim Chong-il and wholeheartedly hold him up with loyalty and filial piety. Most important in this respect is for us to have engraved on our hearts the rock-solid faith hearts that as long as the great helmsman is with us, the socialist cause is bound to win.



The great helmsman Comrade Kim Chong-il is the destiny of socialism, the symbol of dignity and honor for the nation, and the eternal banner of our revolution.

All our people, without exception, pledged to the late Fatherly Leader that they will carry forward, and complete to the end, the socialist cause upholding the great helmsman Comrade Kim Chong-il as the sun of life and the guardian of revolution. Their faith was born and grew as they realized more keenly the greatness of the respected and beloved Comrade Kim Chong-il—who had added luster to the great leader's revolutionary ideology, the *chuche* ideology, as the great guiding ideology of the self-dependence age and led the revolution and construction along the one road, the ever-victorious road—and the sagacity of his leadership. We must go forward along the sole road of loyalty resolutely, cherishing deeper this faith we have developed in our hearts, following the course of struggle filled with pride and upholding the great helmsman Comrade Kim Chong-il.

In upholding the great Comrade Kim Chong-il it is important for us to continue to strengthen the wholehearted unity of our revolutionary force.

We must make an all-out effort to strengthen our single-hearted solidarity, cherishing deep in our hearts the earnest teachings left by the fatherly leader that we unite in one mind around the great helmsman Kim Chong-il and attain the *chuche*-based socialist cause. All functionaries and working people must uphold and be devoted to the great Comrade Kim Chong-il, who is the center of the solidarity of our revolutionary force and of leadership. They must have a clean revolutionary conscience and integrity without an iota of selfishness or pretense, thus further strengthening the solidarity of the revolutionary force based on the loyalty to the helmsman.

Also important in upholding the great Comrade Kim Chong-il is that the helmsman's unitary leadership system is established thoroughly in the whole society.

We must never forget that thoroughly instituting the helmsman's unitary leadership system is the lifeline of the socialist cause. We must establish even more thoroughly in every sector and at every unit the revolutionary discipline and order of acting in unison under the unitary leadership of the great Comrade Kim Chong-il. All functionaries and working people must keep in mind that the great helmsman Comrade Kim Chong-il's comments on anything represent the sole truth, and that if anything he says is possible, there is certain victory for us in it. We must live and struggle with the spirit of absolutism and unconditionality that once the party decides, they will carry out the decision to the end.

We must thoroughly implement party policies under any condition or circumstance, however difficult they might be.

More immediately, we must launch vigorous struggles to carry through the revolutionary economic strategies of the party. To carry through our party's revolutionary economic strategies is an honorable, rewarding task to make our country, our fatherland, richer and stronger, and to add luster to our way of socialism. All functionaries and working people must entrust their destiny to the great leader Comrade Kim Chong-il and devote everything they have to the struggle to carry through the party's revolutionary economic strategies, determined to die at the post in defense of the revolution.

The revolutionary spirit of self-reliance and fortitude is the glorious revolutionary tradition of our party and people. It is the banner of victory for the cause of our way of socialism. In our march today upholding the great helmsman Comrade Kim Chong-il, we must hold even higher the revolutionary banner of self-reliance that flew high atop the majestic Mt. Paektu. All functionaries and working people must display the same spirit and mettle they showed in the postwar period, when they rebuilt the nation's economy from scratch on the war-torn land and brought on the great Chollima upsurge. By doing this, they must fulfill to the end—on their own under any conditions—the combat assignments of their sector and their unit while in the pursuit of the party's revolutionary economic strategies. Thus, they must ensure that this profoundly significant year, which marks the 50th anniversary of the founding of the party and the liberation of the fatherland becomes a proud year with epoch-making progresses in the carrying through of the party's economic strategies.

In advancing the socialist cause, it is very important to enhance the functions and role of the people's government.

The people's government is the command to control the whole socialist life in a unified manner. It is a powerful political weapon to carry out party leadership. Organs of the people's government must fully direct all their activities toward further strengthening the *chuche* of our revolution by ensuring the unity and high organizational spirit of the people's actions in conformity with the collectivist nature of the socialist society, and by thus realizing solidarity and cooperation satisfactorily among the masses of people. They must effectively coordinate their administrative and organizational work and material and technical logistic activities so that the creative role of the masses of people can be enhanced, that all the resources and potential resources of production are



mobilized and utilized effectively, and that our socialist construction is accelerated even more vigorously.

It is solely because we have Comrade Kim Chong-il—the great man of the century and the genius of mankind—as our great helmsman that there exists the infinite prosperity of our fatherland, the everlasting happiness of our people, and the ultimate victory of the chuche-based socialist cause.

All functionaries and working people, cherishing deep in their hearts the national pride and confidence of having the great helmsman Comrade Kim Chong-il high at the helm, will unite around him even more firmly and wholeheartedly, upholding the party leadership in one mind of loyalty and filial piety. By doing so, they will march forward with the chuche-based socialist cause and complete it to the end.

### **Socialist Construction Guided by 3 Revolutions**

952C0141A *Pyongyang NODONG SINMUN*  
in Korean 3 Mar 95 p 2

[FBIS Translated Text] This is the 20th anniversary of the publication of the great leader Comrade Kim Il-song's classic masterpiece "Let Us Further Accelerate Socialist Construction by Vigorously Waging the Three Revolutions."

On this occasion all our party members and workers marvel at the brilliant insights with which the great leader set forth the line of the three revolutions—ideological, technological, and cultural—that illuminate the way to advance the cause of socialism triumphantly and bring it to ultimate fulfillment while they are burning with an ardent desire to implement the teachings of the departed leader.

The masterpiece, published on 3 March 1975, is an immortal classic that comprehensively synthesizes the historical necessity of the three revolutions—ideological, technological, and cultural—as well as all theoretical and practical problems arising in the struggle for their execution.

The quintessential thought completely permeating the masterpiece is that it is possible to bring the cause of socialism to consummation only through the three revolutions—ideological, technological, and cultural.

Waging the three revolutions—ideological, technological, and cultural—is the strategic line founded by the great leader Comrade Kim Il-song and it is persistently adhered to by our party. Our party laid down the policy of waging the three revolutions—ideological, technological, and cultural—soon after embarking upon building a new society, and ever since has been engaged in an active struggle to implement it. Particularly, subsequent to

the establishment of the socialist system, our party defined the three revolutions as the basic substance of our revolution and promoted them vigorously. As a result, it has been able to score signal victories and successes in the revolution and construction. The theme arrived at the summation of the historical experience of our revolution is that only by waging the three revolutions is it possible to successfully accelerate socialist construction. The major cause of the breakdown of socialism in some countries may be traced to the neglect of the struggle to free the working from outmoded ideologies, technologies, and culture, and the mistakenly beliefs that revolution ends when socialism emerges victorious and once the socialist system is established. The masterpiece has become a programmatic precept that is of great significance in the struggle of our people to bring the cause of chuche to consummation, because it stresses the idea of continuing the revolution in socialist society and embodies our party's position of bringing the cause of socialism and communism to ultimate fulfillment under the revolutionary banner of the three revolutions.

By virtue of the validity and veracity of the thoughts and theories it contains, the masterpiece has demonstrated its vitality to the fullest as these thoughts and theories were implemented in the practice of our revolution.

The great significance of the masterpiece lies above all in the fact that it provides the revolutionary banner capable of carrying the cause of socialism through to completion by scientifically elucidating the idea of continuing the revolution in socialist society.

The great leader Comrade Kim Il-song taught as follows: "The three revolutions—ideological, technological, and cultural—are the basic substance of the revolution that the working-class party must wage after the socialist system is established, and constitute the undertaking that it must pursue to continue the revolution until communism is built. The working-class party can fulfill its historic cause only by carrying the revolution through to the end in the ideological, technological, and cultural arenas."

The question of whether or not to continue the revolution under the socialist system is an important issue involving the fate of socialism.

The victory of the socialist revolution and the establishment of the socialist system mark a historic turning point in the revolutionary struggle of the working class, namely, the struggle to fulfill the cause of socialism and communism. Nevertheless this does signify in itself the completion of the revolution. When the socialist system is established, class contradictions are eliminated, but vestiges of the old society still remain in the ideological, technological, and cultural arenas. In order for



working masses to realize their independent position and attitude, it is necessary to free them not only from class domination and subjugation but also from the shackles of the vestiges of the old society, and to this end, continue the revolution even in socialist society.

In his masterpiece, the great leader Comrade Kim Il-song scientifically analyzes the inevitability of development of the revolution. On this basis, it defines the three revolutions—ideological, technological, and cultural—as the cardinal task of the continuing revolution that needs to be carried out under socialism after the socialist system is established, and expounds the unique thought of vigorously waging ideological, technological, and cultural revolutions. Elucidated in the masterpiece is the truth of revolution—the truth that in order to realize the independent position and attitude of the working masses, it is necessary to liquidate the vestiges of the old society in all aspects of social, political, economic, ideological, and cultural life, and to free the workers from all forms of domination, subjugation, and social inequality. The masterpiece elucidates that this task can be accomplished by waging revolution in the ideological, technological, and cultural arenas. This is how the unique idea of continuing the revolution in socialist society came to be elucidated.

The significance of the masterpiece also lies in the fact that it provides the guiding principle that enables the revolution and construction to be pushed forward triumphantly under the banner of the three revolutions by forcefully proving the validity of the three revolutions—ideological, technological, and cultural.

The struggle to build socialism and communism—the ideal of mankind—is a very difficult and complex one accompanied by far-reaching revolutionary changes in the ideological, technological, and cultural arenas. Therefore, only when there is a revolutionary and scientific theory on the three revolutions is it possible to correctly wage the struggle to completely free the working masses from the shackles of outmoded ideologies, technologies, and culture and provide an independent and creative life for them. This important historic issue, which was raised in the practice of the revolution in our time while defending the socialist revolution that emerged victorious and advancing toward the consummation of socialism and communism, was brilliantly resolved by the great leader Comrade Kim Il-song.

In his masterpiece the great leader scientifically analyzes the long practical experience of our revolution in vigorously waging the ideological, technological, and cultural revolutions under the leadership of our party, and on this basis, comprehensively synthesizes the theory on the three revolutions.

Elucidated in the great leader's theory on the three revolutions are all theoretical and practical tasks to free the working masses from the shackles of outmoded ideologies, technologies, and culture. The policy of staunchly maintaining the principle of definitely bringing the ideological revolution to the head of the technological and cultural revolutions, as well as the line and policy of promoting the three revolutions as a mass movement, is completely based on and permeated with the *chuche* ideology. With this revolutionary theory illuminating the road head, our people have been able to vigorously wage the struggle to fulfill the cause of *chuche*, with a firm faith and determination to win victory under leadership of the party and the leader.

The respected and beloved Comrade Kim Chong-il set forth the slogan "Ideology, technology, and culture—all in accordance with the demands of *chuche*!" and has seen to it that the movement to win the red flag of the three revolutions is vigorously pushed forward under this slogan.

With the three revolutions—ideological, technological, and cultural—waged vigorously under the sagacious leadership of the great helmsman Comrade Kim Chong-il, prodigious results have been attained in the human remaking task and in all aspects of economic and cultural construction. At the same time, the unified body of the leader, the party, and the masses, namely, a powerful leading force of the revolution, has been formed and the material and technological foundations of socialism consolidated. In particular, as a result of arming people airtight with the *chuche* ideology by giving definite priority to the ideological revolution, the whole society has been firmly converted to a sociopolitical organism in which every member shares the same fate, rallied closely around the great helmsman Comrade Kim Chong-il. This unity is the most powerful force that enables us to advance the cause of socialism triumphantly and bring it to completion under any circumstances. Under the sagacious leadership of our party, which has been vigorously waging the three revolutions by mobilizing the whole party, the whole country, and all the people, the country's economic strength has been augmented extraordinarily and endless miracles are being wrought in the implementation of the party's revolutionary economic strategy. Our people enjoy an independent and creative life to their hearts' content, and the supremacy of our way of socialism is being enhanced further. In the course of waging the three revolutions, the face of our country has undergone a radical change, with a sure guarantee for carrying the cause of *chuche* through to consummation.

The great significance of the masterpiece also lies in the fact that it serves as a militant banner for encouraging



and inspiring the peoples making revolution to fight on vigorously along the road of socialism by smashing the machinations of the imperialists and all sorts of enemies of the revolution bent upon denigrating socialism.

Socialism triumphs and advances in the thick of fierce struggle against the imperialists and all persuasions of class enemies. There must be a correct ideology and line in order to defend the cause of socialism by smashing the challenges posed by the imperialists.

With the great leader Comrade Kim Il-song's espousal of the theory on the three revolutions, the working-class party and people engaged in building socialism came into possession of a powerful weapon for successfully building socialism. They have become able to vigorously advance the cause of socialism by smashing the machinations of the imperialists and reactionaries. Particularly, this theory has dealt a decisive blow to the socialist renegades who have gone back on the principle of socialism. To defend and fulfill socialism, we must take the road of the three revolutions. For this reason, even today the thoughts and theories contained in the masterpiece are still encouraging and inspiring the people to fight on doggedly, raising the banner of revolution, the banner of socialism, higher still.

Twenty years have passed since the great leader Comrade Kim Il-song published the masterpiece. During this period our people have come to believe, through experience in life, that the vigorous execution of the three revolutions—ideological, technological, and cultural—is the only way to successfully build socialism and realize the people's independent ideals. It is our people's immutable determination to promote the wealth, power, and development of their country, their fatherland, by keeping a firm grip on the line of the three revolutions—ideological, technological, and cultural.

The departed great leader left us the teaching that we must accelerate the revolution and construction by upholding the banner of the three revolutions.

We must continue to go forward with a firm grip on the general line of socialist and communist construction set forth by the great leader, the line of thoroughly executing the three revolutions—ideological, technological, and cultural—while strengthening the people's government and constantly enhancing its functions and roles.

It is important to adhere to the principle of giving definite priority to the ideological revolution and to constantly accelerate the ideological revolution by keeping pace with progress in the revolution and construction. The ideological revolution is the initial requirement of revolution and holds the key to defending socialism and winning victory in the fight against imperialism.

We must wage the ideological revolution vigorously among party members and workers so that they may arm themselves airtight with our party's *chuche* ideology and always cogitate and act in accordance with the demands of *chuche* ideology, wherever and whenever. In particular, all our people must be firmly prepared as true subjects and filial sons and daughters who singleheartedly trust and follow no one but the party and the leader, with the firm conviction that as long as we have the great helmsman Comrade Kim Chong-il as our leader, our way of socialism will unfailingly triumph.

At the same time we must accelerate socialist economic construction and bring our socialist national culture into full bloom by vigorously pushing forward the technical and cultural revolutions. Through this endeavor we must consolidate our way of socialism as an impregnable bastion and further enhance its superiority by adding economic and technological strength to our ideological and political strength. We must thoroughly implement the line of the three revolutions by further accelerating and developing the movement to win the red flag of the three revolutions in every sector and every unit.

The line of the three revolutions—ideological, technological, and cultural—as outlined by the great leader Comrade Kim Il-song is the eternal banner of struggle for our people in advancing the cause of socialism and bringing it to completion.

We will, as in the past, vigorously push forward the three revolutions—ideological, technological, and cultural—rallied closely around the great helmsman Comrade Kim Chong-il, and thus accelerate socialist construction and carry the cause of *chuche* through to its consummation.

#### **Workers Exhorted To Uphold Chongsan-ri Spirit**

952C0118A *Pyongyang NODONG SINMUN*  
in Korean 2 Feb 95 p 1

[FBIS Translated Text] Having spent 1994 in bitter tears, we are welcoming the 35th anniversary of the Great Leader Comrade Kim Il-song's creation of the Chongsan-ri spirit and Chongsan-ri method as we press forward our march into a hope-filled new year under the leadership of the party. As we welcome this day, we workers all look back with warm hearts on the undying achievements of the Great Leader Comrade Kim Il-song, who formulated *chuche*'s mass-leadership methods, giving us powerful weapons of socialist construction. We are overflowing with determination to more completely apply the Chongsan-ri spirit and Chongsan-ri method.



The Chongsan-ri spirit and Chongsan-ri method are the revolutionary work methods of *chuche* thought created by the great leader Comrade Kim Il-song.

During the early period when he was pioneering the future of the Korean revolution, the great leader Comrade Kim Il-song had already deeply fathomed the importance of establishing a correct work method for the revolutionary struggle. By creating the anti-Japanese-guerrilla work method amid the flames of the severe, anti-Japanese revolutionary struggle, he formulated a true pattern of a communist work method. The Chongsan-ri spirit and Chongsan-ri method are an embodiment and expansion of our party's traditional work method, the anti-Japanese-guerrilla work method, made to fit the new realities of socialist construction. In the early 1960's, when a socialist system was established in our country and socialist construction was being carried out, the great leader went down in person to Chongsan-ri, an ordinary farming village, and gave workers detailed instruction on work methods, providing a glorious model of a close union between the leadership and the masses. The *chuche* work method created by the great leader is the true work method of the working-class party and a synthesis of the art of revolutionary leadership. Here are fully revealed all principles and methods beginning in mass leadership, from methods for strengthening the party and ranks of the revolution, designing, planning, organizing and carrying out all projects for furthering Socialist construction, to methods for meeting with, talking to, and reasoning with people. Thus, for the first time in history, problems concerning the mass-leadership methods of a socialist ruling party have been gloriously solved with the creation of a truly communist work method, the Chongsan-ri method, by the great leader Comrade Kim Il-song. A powerful weapon has been created capable of ceaselessly strengthening the party and revolutionary ranks and of completing the great undertaking of socialism.

The invincible vitality of the *chuche* work method created by the great leader Comrade Kim Il-song has been entirely confirmed in the practice of our revolution.

The long history of the advancing struggle of the Korean revolution has been a journey in which the revolutionary work method created by the great leader has been gloriously realized. Because we have had this *chuche* work method, we have been able to overcome all trials; to set up in this land an autonomous, independent, self-defending, and powerful socialist nation; and to ceaselessly create epoch-making change and miracles, even amid difficult struggles.

The *chuche* work method created by the great leader Comrade Kim Il-song has been further deepened and

developed by the great leader [widaehan yongdoja] Comrade Kim Chong-il. Its vitality is now manifested at a higher level. The great leader Comrade Kim Chong-il has deep insight into the vast significance and importance of the revolutionary work method created by the great leader [Kim Il-song] in the struggle to perfect the great undertaking of the *chuche* revolution. He newly formalized this work method as the great leader's work method and fully revealed its essence and content. Presenting a revolutionary plan for the whole party to actively follow and thoroughly implement the great leader's work method, the dear leader Comrade Kim Chong-il wisely leads the struggle to accomplish this. By his leadership, the party and party activity have been fundamentally renewed, the unity and solidarity of the whole party and all of society have been extraordinarily strengthened, and amazing results have been achieved in socialist construction. As long as the great leader Comrade Kim Chong-il, endlessly faithful to the great undertaking of the great leader [Kim Il-song], is with us, the *chuche* work method, the great leader's work method, will shine as the eternal cornerstone of our party and revolution and will manifest even greater vitality as time goes by.

Upholding the last instructions of the great leader Comrade Kim Il-song, today our people are strongly carrying out the struggle to further strengthen our country and fatherland, united in the fold of the great leader Comrade Kim Chong-il. To devotedly perform the momentous and sacred task set before us, we must resolutely hold to the great leader's work method and more completely apply it.

The great leader Comrade Kim Chong-il pointed out the following:

"It is here, in actively following and thoroughly applying the revolutionary work method created by the great leader, that we find an important guarantee for further strengthening our party organizationally and ideologically, and for successfully carrying out the momentous revolutionary task set before it."

Resolutely holding to and ceaselessly enriching the great leader's work method is a sacred task for ensuring that the *chuche* lineage of our party lasts for all time.

All of the work methods directly created and applied by the great leader Comrade Kim Il-song as he lead the revolutionary struggle during its long history are the lasting, precious wealth of our party and revolution. They form the important content of the *chuche* lineage. Our party was fostered under the outstretched arms of the great leader. It is a party that struggles to realize his thought. Within our party, there can be no work method unrelated to the *chuche* work method. Our



party has one ideology and one work method. Only if we consistently grasp the *chuche* work method as well as *chuche* ideology and theory can we continue to strengthen and develop our party always as the party of the great leader Comrade Kim Il-song.

Resolutely holding to and ceaselessly enriching the great leader's work method is a worthy task for devotedly performing our duties as soldiers and disciples of the great leader [Kim Il-song].

We workers have all obtained precious political life and grown as leaders of the revolution in the bosom of the great leader. We cannot by any means fathom with what devotion and excessive labor, love, and care the great leader strove during his life to ensure that we would work with a revolutionary and popular method and style. We workers must not forget for a moment the favor bestowed on us by the great leader. We must conduct all our work and live our lives solely according to the purpose of the great leader during his lifetime, and in keeping with the demands of the Chongsan-ri spirit and Chongsan-ri method he created. Here, in actively following and applying the great leader's work method, neither adding to nor subtracting from it, is the path by which we workers can live and struggle in a manner worthy of soldiers and disciples of the great leader and the way by which we can follow his last instructions.

In following the great leader's work method and working according to the demands of the Chongsan-ri method, more important than anything else is that we firmly establish a *chuche* perspective toward the masses of the people.

The great leader's work method is based on a *chuche* perspective of the masses of the people. During his entire life as he lead the revolution and construction, the great leader held "the people are heaven" to be the motto of his ideology. He provided a lofty example of endlessly devoting himself to the people. Without the firm conviction that the popular masses are the masters of everything and decide everything, it is impossible to think about working according to the great leader's work method and Chongsan-ri method. Only with this perspective can workers satisfactorily resolve the problems involved in going down among, teaching and helping the masses.

All workers must comprehend the great leader's lofty purpose to work and carry out the revolution based on the masses of the people, actively learning the great leader's perspective and position on the people. Applying this, we must continuously improve our work methods and style. Workers must be powerfully armed with the "people as heaven" ideology of the great leader, and must seek their reward in standing for the people,

thinking more for the people, and working more for the people, always and everywhere.

To actively follow and thoroughly apply the great leader's work method, workers should deeply comprehend the history of the leadership of the respected leader, Comrade Kim Il-song.

The leadership history of the great leader is an excellent textbook of revolutionary work methods. It contains excellent models and examples of the work method created by the great leader during his long period of leadership in all areas, politics, economics, military, and culture.

Workers must fully study the brilliant history of the great leader Comrade Kim Il-song's revolutionary struggle, and deeply comprehend it. Workers must instill in themselves the superior examples of work methods shown personally by the great leader during the long history of his leadership of the revolutionary struggle and work of construction. They must always and everywhere carry out their work with these as their guides. Even though busy with the affairs of state, the great leader stayed for some two weeks in Chongsan-ri, personally teaching workers in great detail how to analyze and understand real conditions, where the task of leadership begins and how it comes together, and what must be done to substantially help those below them. With the conviction that the great leader Comrade Kim Il-song is with us forever, workers must carry out all their tasks just as the great leader taught us.

For our workers to thoroughly apply and continually increase the power of the great leader's work method and Chongsan-ri method, it is very important that they go deep among those below them, among the masses.

Going out among the people was always the most important characteristic and fundamental requirement of the great leader's work method and Chongsan-ri method. From the beginnings of the revolution to the moment the beating of his great heart ceased, the great leader was always among the people. For all the problems besetting the revolution and construction, his hard and fast rule was to go on site and find a solution with the people. Without going among the masses, not one of the requirements of the great leader's work method can be met, nor can leadership personnel do their duty.

More than anything else in his life, the great leader enjoyed meeting workers in fields and crowded production sites.

All workers must completely institutionalize and acquire the habit of going down [to the masses], which was



the great leader's purpose during his life. Like the anti-Japanese guerrillas before them, workers must regularly go among the masses with a pack on their backs, doing propaganda and economic organization work. Deeply studying the last instructions of the great leader and the policies of the party, workers must go down [among the masses] with concrete plans and designs for implementing these. Going down among the masses, they must ambitiously carry out their political work and their work with people, deeply implanting in the masses the purposes of the party.

Workers and the masses have a comradely relationship. Hand-in-hand, they fight together, upholding the leadership of the party. All workers must go among the masses, sharing their joys and sorrows as they share their food. They must become true leaders of the revolution, solving the problems and meeting the needs of the masses in a timely manner.

Today, the revolutionary zeal of the masses is as great as always. They rise to the struggle to carry through the revolutionary economic strategy of the party. If our workers go among the masses, actively stirring up their revolutionary zeal as they eat their food, wear their clothes, and share their lives as required by the Chongsan-ri method, there will be nothing they cannot accomplish. Holding high the slogan of the party, "Let the whole party go among the masses!" all workers must go deeply among the masses to strongly carry out organized political work for rousing them to heroic service, making this year, the 50th anniversary of the founding of the party, the most glorious year in the history of our fatherland.

Workers must consider the great leader's work method and Chongsan-ri method as guides for all their work and for their lives and must also continually intensify their work for revolutionizing themselves in order to ceaselessly enrich these [methods].

The cadre-revolutionization policy of our party contains the lofty aim of enabling our workers to do their duty as leaders of the revolution by raising them as true, chuchetype, communist revolutionaries with great party spirit, revolutionary spirit, working-class spirit, and a spirit of service to the people.

All workers must take to heart the purpose of the party and constantly work to further train themselves in political ideology. Workers must totally reject all kinds of work methods that conflict with chuche work methods and must firmly have a truly popular work style. They must firmly develop in themselves a spirit of sacrificing themselves entirely for the people. Workers must be examples, strongly arming themselves with collectivism against individualism and must give everything to de-

fending the revolutionary post entrusted to them by the party. They must become workers whom the masses truly trust, follow, and respect. This they must do by having strong principles, by being more generous than anyone else in dealing with people even while demanding much, and by possessing a rich humanity and passionate sentiment.

The great leader's work method and Chongsan-ri method demand that workers display a high degree of revolutionary spirit and responsibility in their work.

Today, with the entire party and all our people making a new march forward for socialist construction, firmly united, of one mind and one purpose within the fold of the great leader Comrade Kim Chong-il, we workers must stand in the front ranks. We workers must be the first to put our shoulders into difficult and arduous work always and at any place. We must work devotedly, putting all our wisdom and energy into the task before us. We must be standard-bearers, creating a breakthrough for the realization of party policy.

We cannot help but get involved in carrying out the party's revolutionary economic strategy for improving the people's lives. If it profits the revolution and helps even a little in the implementation of the revolutionary economic strategy, workers must solve problems as befits masters of the revolution, demonstrating a lofty sense of responsibility. All workers must do their duty as revolutionary soldiers who have grown up under the outstretched arms of the fatherly great leader. They must unconditionally carry through to the end the last instructions of great leader for their own sector and unit.

The great leader's work method and Chongsan-ri method are models of true, communist work methods. They are mighty weapons for strengthening the party and revolutionary ranks and for completing the great undertaking of socialism. As long as we have the seasoned leadership of the great leader Comrade Kim Chong-il and the powerful chuche work methods created by the great leader Comrade Kim Il-song, the invincible might of our party and revolutionary ranks will be endlessly strengthened and the great revolutionary undertaking of the chuche idea will be completed in accordance with the purpose of the great leader during his lifetime.

All workers will have to create a new turning point in the struggle to make our country, our fatherland more prosperous and strong and to enrich our style of socialism by more thoroughly applying the Chongsan-ri method, the most revolutionary and popular work method.



**Daily Discusses Making Peasants Revolutionaries**

SK1907015795 Pyongyang NODONG SINMUN  
in Korean 11 Jun 95 p 3

[Article by Hwang Chun-son: "The Implementation of the Party's Agriculture-First Policy and the Revolutionization of Peasants"]

[FBIS Translated Text] The most important front in implementing the party's revolutionary economic strategy is the agricultural front.

Agriculture, along with industry, are the two major sectors of the people's economy that guarantee food for the people and materials for the light industry. Agricultural production must be decisively increased to guarantee enough food for the people and sufficient materials for the light industry. Therefore, focusing all strengths on implementing the agriculture-first policy is the key to making an epochal improvement in the people's living standard by brilliantly implementing the party's revolutionary economic strategy.

To implement the agriculture-first policy, it is important to strongly push forward with the struggle to make peasants revolutionaries and members of the working class.

The great leader Comrade Kim Il-song taught:

Making peasants revolutionaries and members of the working class is essential to further strengthening our revolutionary forces and developing agricultural production at a rapid pace. It is also essential to eliminate the class differences between the working class and peasants and completely resolving the issues related to peasants.

In making peasants revolutionaries and members of the working class, it is most important to strongly arm the peasants with the working-class revolutionary ideology and the spirit of collectivism so that the peasants possess an attitude befitting the masters of the revolution. The work to make peasants revolutionaries and members of the working class must be conducted substantially so that the peasants highly display their revolutionary enthusiasm and creative aggressiveness, achieve a new turn in agricultural production, and brilliantly implement the party's agriculture-first policy.

The reason that vigorously conducting the work to make peasants revolutionaries and members of the working class is an important key to thoroughly implementing the agriculture-first policy is, above all, because the peasants are the masters directly in charge of agricultural production.

Peasants are the masters of the socialist farms. Grain production is the basic revolutionary task assigned to the peasants.

In our country, all people are strongly supporting socialist farms with labor, material, and technology. The masters who are responsible for the country's rice granaries are the peasants themselves, and it is they who best know farming. When peasants, who are experienced in farming and know much about the soil, work with a master's attitude in accordance with the demands of the *chuche* farming method, the grain yield can be improved. It is a granted duty for peasants to be highly aware that they are masters of agricultural production and to farm responsibly. It is also an important question arising in improving the agricultural production.

In order for the agricultural working people to be highly aware of being the masters of the socialist farms and farm responsibly, the work to make them revolutionaries and members of the working class should be conducted aggressively. The work to make peasants revolutionaries is, in essence, work to bring them up as genuine *chuche*-type revolutionaries who are thoroughly armed with our party's *chuche* idea. The *chuche* idea is a man-centered view of the world, a revolutionary view of the working class of the world. An important demand of the *chuche* idea is to solve all questions arising in revolution and construction with one's own responsibility and strength as the master.

The party's agriculture-first policy will be thoroughly implemented when the indoctrination of the *chuche* idea for the peasants is strengthened, and when the peasants bear a high awareness of being the masters in charge of the country's rice granaries, fulfill the responsibility of the masters with an unyielding will, and farm responsibly and thriftily under the slogan "The farm's field is my field!"

Another reason that actively accelerating the work to make peasants revolutionaries is a key to implementing the agriculture-first policy is that peasants' ideology and awareness is a decisive factor for increasing agricultural production.

As in all other work, the success of farming work depends on peasants' ideological level. In farming work, it is of course important for the state to provide proper farming machines, parts, oil, chemical fertilizer, and agricultural chemicals in a timely manner, but the success basically depends on how well the peasants in charge of the agricultural production are ideologically prepared and mobilized. No matter how properly the state provides materials and technical means required by agricultural production, it will not be effective if



peasants are not motivated and do not work hard enough. When peasants are ideologically motivated, they can overcome disadvantageous natural and weather conditions and make great achievements in agricultural production. The question is not the objective condition, but how hard the peasants in charge of agricultural production work to heap up high stacks of bumper crops.

Since the ideology and awareness of the peasants play a decisive role in agricultural production, vigorously conducting the work to make the peasants revolutionaries and members of the working class is an important condition for increasing grain yield and brilliantly implementing the agriculture-first policy. When the work to make the agricultural working people revolutionaries and members of the working class is actively accelerated so that they are determined to solve everything on their own, even though it is better to receive support from the superior, and when they are strongly armed with the revolutionary spirit of self-reliance, fortitude, and collectivism that cherishes collective ownership, a revolutionary turn can be effected in all sectors of agricultural production, including grains, livestock, fruit, silk, and handicrafts, to implement the agriculture-first policy.

The next reason that actively accelerating the work to make peasants revolutionaries and members of the working class is essential to implementing the agriculture-first policy is related to the characteristics of agricultural production.

The characteristics of agricultural production are different from those of industry.

In industry, a timely evaluation of labor results is possible because products are made daily and monthly. However, agriculture has only an annual harvest, and the labor results can be correctly evaluated only after the year's farming is completed. In industry, an unfulfilled monthly plan can be recovered the next month, but in agriculture, it is impossible to recover once the timing is missed, and the year's crops will be ruined. Furthermore, agricultural production is greatly affected by seasonal factors. The yield will increase when peasants devote all their conscious enthusiasm and work hard. Because agriculture deals with living things such as grains and domestic animals, it is very important for peasants to bear great responsibility and pay close attention to their work.

Such distinctive features of agricultural production demand that the agricultural working people work sincerely with a higher awareness than anyone else. Agricultural working people who need to safeguard the party and defend socialism with rice cannot display their revolutionary zeal and creative activity in agricultural production if they regard their work as mere obliga-

tion. Therefore, training the peasants as revolutionaries and assimilating them into the working class emerge as pressing issues in realizing the agriculture-first policy. By vigorously carrying out the struggle to train the peasants as revolutionaries and to assimilate them to the working class, all the peasants should devotedly work for the party and revolution, and for the fatherland and the people with high revolutionary awareness and conscience. Only then can agricultural production be rapidly developed and the agriculture-first policy be thoroughly implemented.

It is a truth confirmed through practices that when the work to train agricultural working people as revolutionaries and to assimilate them into the working class are actively pushed ahead, grain output will increase under whatever circumstances.

Our party has deeply grasped the fact that training the peasants as revolutionaries through the vigorous waging of ideological revolution among agricultural working people, and assimilating the peasants into the working class are prerequisite demands to increasing agricultural production. Thus, our party has carried out the work to train the peasants as revolutionaries in every phase and every period of socialist construction. By actively pushing ahead with the work to train peasants as revolutionaries and to assimilate them into the working class under the party's correct leadership, a fundamental change has taken place in our peasants' ideological and spiritual features. Today, our agricultural working people are firmly armed with the *chuche* idea, are endlessly loyal to the party and the leader, and value the interests of the group and society over that of the individual, and highly display the ethos of working and living in a communist way under the slogan of "One for all and all for one!"

In the past, our agricultural working people effected endless upsurges in agricultural production with boundless loyalty toward the party and the revolution, audaciously overcoming all sorts of unfavorable natural conditions. The brilliant success achieved in agricultural production is a powerful demonstration of the justness and vitality of our party's lines on actively expediting the work of training peasants as revolutionaries and assimilating them to the working class.

Today, our party urges all the people to the struggle to further enrich our country, our fatherland, by upholding the fatherly leader's behests. Promoting the people's life in an epoch-making manner by effecting upsurges in agricultural production is an important task and a pressing target of our party in the struggle to enrich our fatherland. In order to realize our party's grand intentions, the struggle to train the peasants as revolutionaries and



assimilate them into the working class should be positively carried out. Thereby, all the agricultural working people should glorify this year—which marks the 50th anniversary of the founding of the party—with bumper crops, by devoting all their energy to agricultural production with boundless loyalty toward the party and the leader and with high awareness.

#### **Agricultural Development Under WPK Viewed**

SK1707110195 *Pyongyang KCNA in English*  
1040 GMT 17 Jul 95

[FBIS Transcribed Text] Pyongyang, July 17 (KCNA) — Weeding is in full swing at rural communities of Korea.

Paddy and non-paddy fields are vibrant with a high degree of enthusiasm of the agricultural working people to greet the 50th anniversary of the foundation of the Workers' Party of Korea [WPK] (October 10) with bumper crops.

The agriculture of Korea has covered a road of leaping progress under the leadership of the WPK. It has reached a high level of industrialisation and modernisation.

The great leader President Kim Il-song put forward the unique policy of agrarian reform after the country's liberation to realize the centuries-old desire of the farmers for land. He set forth wise policies for the development of rural economy in each period and at each stage of the developing revolution.

In particular, he published an immortal famous work "Theses on the Socialist Rural Question in Our Country" in February 1964 and thus clearly indicated the way of final solution to the rural question.

An epochal change has taken place in all fields of socialist rural construction under the rays of the great theses. The four major tasks of rural technical revolution (irrigation, electrification, mechanisation and comprehensive application of chemicals in agriculture) have been completed in the main to lay the solid foundation for modern agriculture.

The most developed and powerful irrigation system has been established in the country for high and stable yield in any weather conditions. In recent years, the 2,000-ri water way was laid to more smoothly water granaries on the west coast on the basis of the achievements in the construction of the West Sea barrage, a grand monumental edifice of the era of the Workers' Party, and thereby, the rivers Taedong and Yesong, the rivers Amnok and Taeryong, which flow to water different areas, were linked as a grand circular irrigation network.

Thanks to the chuche-based power industry, electricity which is used in the countryside a year has increased 8.6 times as against 1963.

A great turn has been made also in mechanisation and wide spread use of chemicals in the rural economy. Solid bases for producing tractors and trucks have been laid, farm machine and farm implement factories built in the capital city and all provinces, cities and counties, on the basis of the powerful machine-building industry of the country. They turn out and supply efficient farm machines suited to the actual conditions of the countryside.

In the past 30 years after the publication of the theses, tractors and trucks serving agriculture increased respectively by 6 times and 5 times. The comprehensive mechanisation of the rural economy reaches a high level. All the farm work is done with the help of machines, from ploughing to sowing, rice transplanting, weeding, harvesting, threshing and carriage. The amount of chemical fertilizer applied to each hectare of paddy and non-paddy fields has reached over two tons and the composition of its quality improved remarkably.

The grain production increased rapidly with industrialisation and modernisation of agriculture being promoted.

One to two tons of grain per hectare were gathered before the liberation of the country but now 8-9 tons, 10-15 tons.

A powerful drive is being made to consolidate the already-made achievements and further expand and develop them in the rural economy and enhance industrialisation and modernisation of agriculture to a higher stage.

#### **South Korea**

##### **KEDO Office To Open in New York 21 July**

SK1907053495 *Seoul MUNHWA ILBO in Korean*  
19 Jul 95 p 2

[FBIS Translated Text] The ROK Foreign Ministry announced on 19 July that the Korean Peninsula Energy Development Organization [KEDO] will open its office in New York on 21 July and officially launch its work.

Choe Yong-chin, deputy secretary-general of KEDO and former economic director for international affairs at the ROK Foreign Ministry, will leave for New York on 20 July. KEDO will hold an executive directors' meeting on 31 July and the first general assembly of some 20 members states on 1 August. The assembly will discuss each country's role and share in supplying light-water reactors to North Korea.



KEDO reportedly will send a site inspection team consisting of experts from the ROK, the United States, Japan and a U.S. contractor in early August at the earliest to establish a survey plan and gather related information.

#### **North Warned on South's Role in LWR Project**

*SK1907090495 Seoul YONHAP in English  
0821 GMT 19 Jul 95*

[FBIS Transcribed Text] Seoul, July 19 (YONHAP) — North Korea will have to accept South Korea's participation in negotiations regarding the provision of two light-water reactors [LWR] to the North unless it wants to scrap the reactor project which will be a great help to the North's economy, a high-ranking South Korean official at the international consortium for the reactor project said Wednesday.

Meeting reporters one day before flying to New York to assume the deputy executive director position of the Korean Peninsula Energy Development Organization (KEDO), Choe Yong-chin said that South Korea will stick to its principle that South Korea should participate in negotiations with the North discussing the reactor supply project.

"If the principle cannot be met, it will be very difficult for South Korea to take part in further proceedings regarding the reactor project," he said.

He expected that the KEDO will have to jump a number of hurdles when negotiating with the North on the reactor project, but added that the South Korean Government will cooperate closely with the United States and Japan to achieve the smooth implementation of the nuclear accord between the United States and North Korea.

He noted that "we have yet to conclude a contract for the provision of nuclear reactors to the North, although the Geneva nuclear accord signed between Pyongyang and Washington last October stipulates that the two parties had to sign an agreement on the provision of reactors to the North within six months or by April 21, 1995."

Choe said that the three main players in KEDO have already agreed that the Korea Electric Power Corp. (KEPCO) will be the prime contractor for the North Korean reactor project, although the Washington-Pyongyang agreement does not specifically state who the prime contractor is.

Choe also said that as a South Korean representative to KEDO's executive board he will focus on guaranteeing South Korea's central role in the North Korean reactor project.

"KEDO's original objective is to solve the North Korean nuclear issue rather than to just provide the North with two light-water reactors," he said. "In that sense, South Korea has a greater interest in the North Korean nuclear reactor project than the United States and Japan."

While working as the deputy executive director of the international consortium, Choe said that he will try to make the reactor project an occasion to promote inter-Korean relations.

KEDO already has secured its office in downtown New York City and will officially begin operating Thursday when executive director Stephen Bosworth of the United States and deputy executive director Umezu Itaru of Japan take office.

Commenting on KEDO's operations, Choe said that Bosworth will officially sign KEDO documents but before signing anything he will have to consult closely with Choe and Itaru, dismissing reports that South Korea was excluded from having a central role in the consortium.

#### **Seoul Hopes U.S. Will Support OECD Entry**

*SK1907065095 Seoul THE KOREA TIMES in English  
19 Jul 95 p 9*

[By staff reporter Yi Chang-sop]

[FBIS Transcribed Text] Seoul wants Washington to extend unconditional support for Korea's trouble-free entry to the Organization for Economic Cooperation and Development [OECD] next year.

A Ministry of Finance and Economy official said yesterday that President Kim Yong-sam will seek full U.S. cooperation in the nation's bid to join the Western well-to-do countries club when he meets President Bill Clinton next week in Washington.

But diplomats and Korean government officials are skeptical the U.S. will give unconditional support. In Geneva last month where multilateral financial market-opening negotiations were held, Korean negotiators proposed Seoul would open its financial market wider than U.S. has demanded and give "special considerations" to improving the treatment of American financial companies in Korea, in return for U.S. support for Korea's entry to the OECD.

But the informal and secret offer was mildly rejected by the United States, which reportedly said that it is unable to commit "unconditional support" to Korea's OECD entry as the club is a multilateral-organization of 24 member countries. A U.S. official was quoted as having said the United States alone could not decide on Korea's OECD membership.



This time again, President Kim is expected to seek an endorsement from President Clinton on the nation's entry to the OECD, said the government official preparing for President Kim's Washington trip. Even if Clinton makes a statement that he would "support" Korea's OECD entry, Seoul has to be careful of the U.S. interpretation of "support," analysts here said.

Both Seoul and Washington have different interpretations over the word "support." Seoul officials interpret U.S. support as meaning that Washington will not ask for too many concessions, market-opening and liberalization from Korea as a condition for its support. But Washington officials interpret support as "encouraging, sometimes pressuring," Korea to open wider and liberalize more its markets as this will be ultimately of great benefit to the Korean economy. Seoul officials are worried that the United States would take advantage of the nation's bid to join the OECD as a golden opportunity to squeeze more concessions and market-opening from Korea.

Kim Chin-pyo, director general for external trade affairs at the ministry, said, "The U.S. role is crucial for the nation's entry to the OECD." But he added that next year is not an unchangeable deadline for Korea to become an OECD member. He added that Korea will ultimately become an OECD member, hopefully next year and possibly the year after.

Policymakers here have become more cautious in their bid to join the OECD after the governing party lost in the local elections. The majority of Korean people hold the perception that Seoul must open its markets wider and wider to meet the requirements for joining the OECD, government officials said.

If Seoul gives the impression that it conceded too much for the OECD membership, the ruling party might risk alienating voters ahead of the crucial National Assembly and presidential elections, analysts here said. Just days before the local elections, President Kim said he would give rice to North Korea even if Seoul had to import rice. This remark alienated farmers, according to an analysis by the Democratic Liberal Party.

In a homogeneous country, market-opening is a sensitive issue, government officials said. President Kim must have initially thought the OECD card as an opportunity to boost the popularity of his administration. But after the elections, his administration appears to have found that the OECD issue may be a "political burden," observers here said.

**Kim Yong-sam To Embark on U.S. Visit 22 Jul**

*SK1907064095 Seoul YONHAP in English*  
*0546 GMT 19 Jul 95*

[FBIS Transcribed Text] Seoul, July 19 (YONHAP) — President Kim Yong-sam will depart for a state visit to the United States Saturday at U.S. President Bill Clinton's formal invitation, Presidential Spokesman Yun Yo-chun said Wednesday.

Kim and the First Lady will leave for an overnight stay in San Francisco Saturday before proceeding on to Washington for a four-day state visit after which they will return home next Saturday.

During his second visit to Washington as South Korean president, following his first in November 1993, Kim will hold a summit meeting with Clinton at the White House Thursday next week.

At the summit, the two leaders will discuss increasing bilateral cooperation on security and trade-related issues, particularly on the implementation of the U.S.-North Korea nuclear agreement, Yun said.

The leaders will also discuss forming closer cooperative ties between the two countries in the United Nations, the Asia-Pacific economic cooperation forum and in other international organizations, he added.

On Wednesday, President Kim will deliver a speech on past and future Korea-U.S. relations to a joint session of the U.S. Congress. He will then receive an honorary doctorate of philosophy from Georgetown University.

On Thursday he and President Clinton will attend the unveiling ceremony of the Korean war memorial.

Kim's 13-member formal entourage includes Foreign Minister Kong No-myong, International Trade and Industry Minister Pak Chae-yun, Patriots and Veterans Minister Hwang Chang-pyong and chairman of the Joint Chiefs of Staff Gen. Kim Tong-chin.

Also visiting Washington next week will be 38 business leaders, including Korea Foreign Trade Association Chairman Ku Pyong-hwoe, Korea Chamber of Commerce and Industry Chairman Kim Sang-ha, Federation of Korean Industries Chairman Che Chong-hyon and Korea Federation of Small Businesses Chairman Pak Sang-hui.

**North Hopes To Trade Missiles for Iranian Oil**

*SK1907004895 Seoul THE KOREA TIMES in English*  
*19 Jul 95 p 8*

[FBIS Transcribed Text] North Korea is seeking to purchase petroleum from Iran in exchange for missiles,



according to the Korea Trade Promotion Corporation (KOTRA).

"The North is considering importing petroleum from Iran in return for missiles," the Korean Trade Center in Teheran of the KOTRA said in a report.

The North is reportedly planning to refine the raw oil in special economic zones like Najin or Sonbong so that it can export it to other countries or sell it back to Iran.

To this end, North Korea dispatched a high-level delegation led by Foreign Minister Kim Yong-nam from May 29 to June 2 this year. The delegation made the proposal to refine the petroleum and export it to other nations or back to Iran.

Iran, for its part, sent four experts to North Korea and has apparently shown a positive attitude to the North's proposal since the experts' return from the North.

Officials of Iran's state-run oil company were quoted as having said that the two nations were considering linking the matter with North Korea's offering of missiles.

The scale of Iran's oil supplies to North Korea will be decided in a joint economic conference between Iran and North Korea slated for late August, KOTRA said, adding that the method of payment will also be determined after about six months.

Iran has so far tried to export its oil to other nations since the U.S. oil majors quit importing it following U.S. economic sanctions.

China has been only the alternative. Observers said it is highly likely that Iran is seeking to provide the North with the oil to solve its oil surplus.

#### **Rice Talks Conclude, To Resume 10 Aug**

*SK1907051995 Seoul KBS-1 Radio Network in Korean 0450 GMT 19 Jul 95*

[FBIS Translated Text] South and North Korean delegations to the rice talks which began on 15 July in Beijing concluded the second round of authority-level talks on 19 July, after agreeing to hold a third round of talks on 10 August where discussion on the rice issue and economic cooperation will continue. Yi Sok-chae, ROK chief delegate and vice minister of finance and economy, held a news conference on 19 July, saying that the second round of North-South talks had failed to arrive at an agreement on additional rice supply, and that North Korea had promised to release the crew of the Usong ship as soon as the official investigation was complete.

According to delegate Yi Sok-chae, the North Korean side said that North Korea was exerting efforts to

suspend slander against the South and that tangible changes would soon become evident. He also said that North Korea promised that the rice would be distributed to civilians only. The delegations tentatively decided to hold the third round of talks in Beijing, but did not discuss who will participate in the next round of talks.

#### **Daily Recaps Talks**

*SK1907003395 Seoul THE KOREA TIMES in English 19 Jul 95 p 2*

[FBIS Transcribed Text] South and North Korean discussions on Seoul's additional rice aid and other pending inter-Korean issues in Beijing appear to have hit some hurdles.

A North Korean delegate, when asked to make comments on the outcome of the two-hour-long morning session, refused to elaborate and only said, "We are interested solely in the rice issue."

Both sides are believed to have failed to reach a compromise on how much rice Seoul should offer to Pyongyang in additional rice aid. Last month, Seoul agreed to give 150,000 tons of rice to Pyongyang to alleviate its chronic grain shortages.

During the four-day talks, the two sides were represented by Vice Finance-Economy Minister Yi Sok-chae and Chon Kum-chol, senior advisor of the Committee for the Promotion of External Economic Cooperation.

Before the start of yesterday's talks, Seoul officials predicted that the rice aid talks would be concluded successfully because both sides made partial progress in a wide range of issues after three days of talks.

However, both sides failed to narrow their differences in deciding the exact volume of Seoul's additional rice aid, which is decisive in negotiations on such issues as the expansion of inter-Korean economic cooperation and the repatriation of South Korean sailors of the Usong 86 fishing boat.

On the principle of reciprocity, South Korea demanded that North Korea take conciliatory steps, including the repatriation of South Korean crew which accidentally strayed into North Korean waters.

Seoul also asked Pyongyang to seek ways of expanding inter-Korean economic cooperation which is still in its infancy. For full-fledged inter-Korean cooperation, Seoul has tried to establish such economic frameworks as agreements on protection of investment and avoidance of double taxation.

Meanwhile, North Korea maintained that the rice aid issue should be concluded first before both sides discuss other inter-Korean issues.



South Korean officials are still optimistic over the prospects on future dialogue as they are convinced that North Korea is not in a position to break off the talks.

North Korea must maintain the current atmosphere for dialogue because it wants to receive additional rice aid from Seoul and large-scale rice shipments from Tokyo. North Korea has suffered from chronic grain shortages amounting to two million tons a year.

North Korea, which has not yet completed a power succession since its leader Kim Il-song's death, is still reluctant to open "political dialogue" with Seoul.

Originally, Seoul offered to provide rice to Pyongyang to resume inter-Korean dialogue, which has been suspended since Kim's death in July last year.

Seoul apparently tried to turn the rice aid talks into regular dialogue between the two governments even though Pyongyang didn't appear to be fully prepared to habitualize inter-governmental dialogue.

#### **South Delegate Interviewed**

*SK1907084795 Seoul YONHAP in English  
0716 GMT 19 Jul 95*

[FBIS Transcribed Text] Beijing, July 19 (YONHAP) — North Korea promised to release the South Korean fishing trawler, *Usong-ho*, and its crew as soon as an investigation of the ship's members is finished, South Korean chief delegate to the second round of inter-Korean rice talks, Yi Sok-chae, told reporters Wednesday.

The boat was reportedly fired upon by the North Korean Navy in international waters and taken to the North last month.

Meeting Korean and foreign news correspondents at the South Korean Embassy, Yi said that in the four-day meeting which ended here Wednesday both sides exchanged views on inter-Korean economic cooperation but that no agreement on additional rice aid to the North was reached.

However, the two sides did agree to take measures necessary to smoothly implement the agreement reached at the first round of rice talks held in Beijing last month in which South Korea promised to supply the North with 150,000 tons of rice to help alleviate its food shortage.

Yi said the two sides had also agreed to tentatively hold a third round of talks to discuss promoting inter-Korean economic cooperation, including additional South Korean rice aid to the North, on August 10 in Beijing.

Both sides agreed that North Korea should not divert for non-civilian uses, such as exporting to a third country, the rice South Korea has already supplied and will

supply under the agreement reached in Beijing last month.

Yi said, "They (the North Korean delegation) made it clear that selling South Korean rice (to a third country) is unethical and they also said we may trust them regarding the civilian use of the rice."

The two sides were known to have made some progress in the discussions concerning increased inter-Korean economic cooperation, including additional South Korean investment in the North's light industries and the supply of South Korean fertilizers, farm chemicals and anthracite coal to the North.

Yi quoted his North Korean counterpart Chon Kum-chol as saying, "The meeting was not constructive in that it failed to produce an agreement on additional rice aid, but it was useful because we exchanged views on many things that will help to broaden our mutual understanding of each other and it established that the North will not interrupt what was already started and proceed with it in cooperation with the South."

Chon also said the North is trying to suspend the broadcasting of anti-South propaganda, adding, "There will be some change in the future."

As for the issue of putting a label on South Korean rice bags used when shipping rice to the North, he stated that it would be discussed when additional rice aid is on the meeting's agenda.

#### **North Delegate Interviewed**

*SK1907044695 Seoul CHOSON ILBO in Korean  
19 Jul 95 p 2*

[Report by Pak Sung-chun and Kim Chae-ho on 18 July interview with Chon Kum-chol, chief DPRK delegate to North-South rice talks, by unidentified ROK reporters at China World Hotel in Beijing; paragraphs within italics are CHOSON ILBO introduction and notes]

[FBIS Translated Text] *North Korean chief delegate Chon Kum-chol left the China World Hotel, the venue of rice talks, and returned to his quarters at the Guibinlou Hotel with a rigid expression on his face following the 18 July morning session. As he stepped out of the elevator and walked toward the hotel's main entrance, he was surrounded by a group of ROK reporters. The following are questions and answers between the reporters and Chon:*

[Unidentified reporter] Is the meeting completely over?

[Chon] No, it is not over yet. Have you not been notified that the talks are not over?



[Unidentified reporter] Then, is the meeting over for today?

[Chon] It will continue.

[Unidentified reporter] Will the talks continue tomorrow?

[Chon] We should wait and see.

[Unidentified reporter] If the talks continue tomorrow, does that mean that the talks will be successful?

[Chon] Let us talk about it later, when things are better.

[Unidentified reporter] Why did you postpone the meeting?

[Chon] Because (your delegates) wanted to talk about additional matters.

[Unidentified reporter] Is it not because the talks are on the verge of a positive outcome?

[Chon] We should view the talks positively.

[Unidentified reporter] Did you make mutual concessions on economic cooperation?

[Chon] Economic cooperation? We are talking about rice.

[Unidentified reporter] Is there any development in the rice issue?

[Chon] Let us talk about it later.

[Unidentified reporter] What about the trade center in Najin- Sonbong?

[Chon] We only discussed rice.

*At this point, Chon burst out to complain to the ROK media, saying: "You reporters should write correctly. Why do you make so many false reports?" "You South Korean reporters create mistrust. Listen to what I am saying and do not speculate."*

[Unidentified reporter] Would you like to hold a news conference?

[Chon] We will see after the talks are over. I will see you later. I will give you an hour.

[Unidentified reporter] Then, the talks are not over.

[Chon] I said we will meet again. Did I not say it is not over?

*After the questions and answers with reporters, Chon slipped into a waiting black Mercedes Benz and returned to his hotel. Even late into the night of 18 July, he had not contacted Yi Sok-chae, ROK vice minister of finance and economy.*

#### North Requests Other Farm Products

SK1907030895 Seoul CHUNGANG ILBO in Korean  
19 Jul 95 p 2

[By Kim Che-rae]

[FBIS Translated Text] It was belatedly learned that North Korea used a channel separate from that of the rice talks in Beijing to ask the ROK to provide excess agricultural products, such as onions, as grant-type aide.

According to the state-funded Agricultural and Fishery Products Distribution Corporation on 18 July, Cho Pok-sin, of the Beijing office of North Korea's Committee for the Promotion of External Economic Cooperation, made such a request to Hwang Song-ha, director of the ROK corporation's Beijing branch, at a meeting held on 20 June in Beijing right after the first round of the North-South rice talks. The meeting was an unofficial contact, held at the ROK side's request, to discuss the direct trade of farm and fishery products between the North and South.

An official with the Beijing branch of the ROK corporation said: "North Korea is not in a position to buy such agricultural products as seasonings since it is in desperate need of rice," and added "North Korea expressed a willingness to positively review the matter of direct trade if the South side supplies surplus agricultural products, such as onions, as grant-type aide."

The ROK corporation responded that this would be difficult to do due to domestic opinion and suggested that the North and South barter for surplus farm products. However, the North Korean side reportedly uncomfortably noted that "for now, we don't have the appropriate farm products for such an exchange."

#### Na Ung-Pae Comments on North-South Issues

SK1907031895 Seoul YONHAP in English  
0237 GMT 19 Jul 95

[FBIS Transcribed Text] Seoul, July 19 (YONHAP) — Deputy Prime Minister and National Unification Minister Na Ung-pae said Wednesday a third round of inter-Korean talks will be held pending the results of the meeting currently being held in Beijing.

Na said the second round of inter-Korean talks will be completed Wednesday. He added that the rice aid to North Korea has been pursued to help clear up the distrust between South and North Korea.

He made the remarks at a seminar entitled "The Inter-Korean Situation and the Direction of Unification Policy" sponsored by the Dosan Academy Research Institute at the Seoul Hilton Hotel.



He said that he has once again confirmed how wide and deep the mutual distrust and heterogeneity between South and North Korea is, despite strenuous efforts so far made to recover their trust and open a passage for cooperation through the talks concerning rice aid to North Korea.

With regard to the South's unification policy, Na said "Despite such mutual distrust between South and North Korea, the unification policy is desired to be handled in a way that promotes mutual exchanges, cooperation and North Korea's change."

To this end, he emphasized, it is important for South Korea to stabilize North Korea and to guide it towards joining open society using its superior economic power to remove distrust and to forge a common bond from an economic standpoint.

Minister Na pointed out that any "pressure policy" towards North Korea is not realistic in view of the fact that surrounding countries are expanding their contacts with and influence over both Koreas.

He explained that China is promoting a policy of "two Koreas" while Russia is seeking a balanced diplomacy towards both South and North Korea.

"Japan and the United States are changing their policies from a one-sidedly pro-South Korea stance to positive approaches towards North Korea," he remarked. "North Korea is just one of the parties concerned that will be responsible for maintaining the peace and common prosperity and for easing tension on the Korean peninsula."

#### **Reconciliation Measures With North Considered**

SK1907035095 Seoul YONHAP in English  
0259 GMT 19 Jul 95

[FBIS Transcribed Text] Seoul, July 19 (YONHAP) — The government and the ruling Democratic Liberal Party (DLP) have decided to carry out measures for a "national reconciliation" on Aug. 15, the 50th anniversary of the nation's liberation, a DLP official said Wednesday.

Rep. Pak Pom-chin, DLP spokesman, said that senior government and DLP officials will have a meeting at the unified government building on Wednesday afternoon to discuss the "Aug. 15 great reconciliation measures."

In the meeting which is being held for the first time since the June 27 local elections, Prime Minister Yi Hong-ku and DLP Chairman Yi Chun-ku will also participate, Rep. Pak said.

The reconciliation measures will include pardoning and restoring civil rights to, former government and ruling party officials under the Chon Tu-hwan and

No Tae-u administrations who were punished for their involvement in corruption and irregularities.

Rep. Pak said, "the content of the measures will not be disclosed until the government announces them. But I know the measures will be of a large scale."

However, it is still unclear whether such leniency will be given to Pak Tae-chun, former chairman of Pohang Iron and Steel Co., Pak Chol-on, a former lawmaker, and such former officials involved in the Yulgok project scandal as Yi Chong-ku, former defense minister, and Kim Chong-hwi, former presidential advisor.

The DLP proposed the government institute the reconciliation measures shortly after the June 27 local elections.

#### **Institute Studies Defectors' Adaptation to Jobs**

SK1907063595 Seoul THE KOREA TIMES in English  
19 Jul 95 p 3

[FBIS Transcribed Text] Most North Korean defectors have difficulty in job adaptation here and businesses are reluctant to employ them, the Korea Labor Institute (KLI) said yesterday.

A KLI survey of 85 North Koreans who have defected to the South since 1980 and the 20 businesses which are employing them said that 67 percent of the pollees faced difficulty in adapting to new jobs. Among the reasons for their troubles in work was that new jobs do not fit their vocational aptitude (47 percent), followed by troubles in maintaining human relations (23 percent) and limits of their status as a defector (19 percent). Due to such difficulties in work here, 43 percent of the respondents wanted to quit their jobs right now and 23 percent said that they are just managing because there are no alternatives.

Some 90 percent of the businesses surveyed said they hired the defectors at the request of the government, inevitably for the purpose of keeping good relations with the authorities concerned. However, 40 percent of those businesses said they do not use manpower from the North even after employing them. According to the KLI survey, 60 percent of those businesses expressed discontent with the vocational ability, job performance and knowledge they retain and 50 percent of the businesses said that they had troubles in human relations between colleagues. Reflecting the businesses' negative attitude toward employing them, 20 percent of the businesses said they would not hire the defectors in the future and another 20 percent said they can not but accept the defectors at the request of the government.

Son Han-sung, a KLI professor, said that the nation's current job placement for North Korean defectors is



urgently required to be reorganized as soon as possible in a way to consider their aptitude or prior experience in the North.

#### **Food Crisis Fuels Criticism of Kim Chong-il**

*SK1907055095 Seoul CHUNGANG ILBO in Korean  
19 Jul 95 p 2*

[By Choe Won-ki]

[FBIS Translated Text] On 18 July, a source well-informed in North Korean affairs revealed that restlessness prevails among the people in Yanggang, Chagang, and North and South Hamgyong Provinces in North Korea due to the serious food crisis. The source added that even party cadres denounce Kim Chong-il for this.

A source who visited Chagang Province last week said the "official supply of food to this region has been suspended for the last six months" and "ordinary citizens lead miserable lives, selling whatever they have in exchange for food at the farmers' markets."

Regarding the recent restlessness in North Korea, he said "not only ordinary residents, but also local party cadres (instructors and section chiefs) now openly denounce the central party and Kim Chong-il," and predicted "if the situation keeps on like this for three or four more months, food riots will probably break out."

Regarding the contents of the North Korean residents' denunciation of Kim Chong-il, he disclosed: Ordinary residents are showing an attitude of "go ahead and arrest me, if you want to" to public security agents (police). Even party cadres denounce Kim Chong-il by saying that "the central party only gives instructions, without sending a grain of rice or a drop of oil."

Regarding the ROK's rice aid, he added "the majority of rice was distributed in Chongjin and Pyongyang, but did not reach such areas as Yanggang, Chagang, and North and South Hamgyong Provinces, where the food shortage is most serious."

#### **Seoul, Tokyo To Set Up Aircraft Hot Line**

*SK1907101795 Seoul TONG-A ILBO in Korean  
19 Jul 95 p 2*

[FBIS Translated Text] A direct communication hot line will be installed between the ROK and Japan. The hot line will be used by ROK and Japanese military aircraft to give advance notice to each other's radar control centers of an aircraft's plans to fly near their respective air defense identification zone.

According to the ROK Joint Chiefs of Staff, pursuant to "the agreement on preventing military aircraft accidents between the ROK and Japan" signed last month, the

ROK and Japan will hold the fifth ROK-Japan working-level air defense consultative meeting from 18 to 21 July in Tokyo to sign an agreement on this matter.

The hot line between the two countries is to be installed between the Air Control Center (H-TACC) in Osan and the West Air Theater Command (SOC) in Fukuoka, Japan. Military aircraft of the two countries will notify each other's air control center 30 minutes before takeoff.

#### **UN Official Discusses Comfort Women Issue**

*SK1907090995 Seoul YONHAP in English  
0834 GMT 19 Jul 95*

[FBIS Transcribed Text] Seoul, July 19 (YONHAP) — United Nations human rights rapporteur Radhika Coomaraswamy said Wednesday that the comfort women issue should be addressed as a contemporary problem rather than as one of the past, noting that human rights violations against woman are still a serious problem in Bosnia and other regions in conflict.

Quoting the UN special rapporteur on violence against women who met with Foreign Minister Kong No-myong at the Foreign Ministry to discuss the comfort women who were forced to act as prostitutes during World War II, a Foreign Ministry spokesman said that the UN rapporteur will present an official report on comfort women to the 52nd meeting of the United Nations Committee on Human Rights which will be held next January.

Foreign Minister Kong meanwhile said that the government of South Korea will not ask for the Japanese Government to compensate comfort women, instead it will ask Japan to apologize to the victims of the comfort women project for the atrocities it committed, according to the spokesman.

The Seoul government has been developing laws to provide those victims with financial assistance to help heal the wounds left by the Japanese, Kong was quoted by the spokesman as saying.

Noting that Japan has already admitted that its government forcibly mobilized and managed comfort women in Korea during the Second World War, Kong was quoted as having expressed the hope that the Japanese Government will take further opportunities to make such apologies.

Commenting on the launch Tuesday of the Asia Peace Fund for Women, a civilian fund to provide financial assistance to former comfort women, Kong said that although the fund is basically civilian the Japanese Government has added an official nature to the fund by contributing to medical support and welfare facilities.



Coomaraswamy was expected to fly to Pyongyang before arriving in Seoul Tuesday but missed her flight to Pyongyang because of a delay in Beijing, according to the spokesman.

Her two aides who flew directly into Pyongyang from Geneva reported that they met with a North Korean woman in her 70s who was forced to serve as a prostitute for Japanese soldiers during World War II, according to the spokesman.

The UN special rapporteur's aides were impressed that North Koreans have such a keen interest in the comfort women issue, the spokesman quoted Coomaraswamy as saying.

Coomaraswamy will visit Pyongyang before she flies to Beijing to attend the United Nations Convention on Women slated for Sept. 4-15, he said.

#### **Reaction to Prosecution's Kwangju Decision**

##### **Students Demonstrate**

*SK1807114895 Seoul YONHAP in English*  
1123 GMT 18 Jul 95

[FBIS Transcribed Text] Kwangju, July 18 (YONHAP) — Dissident organizations and students here react furiously against the prosecution decision Tuesday that the prosecution have no right to prosecute those responsible for the excessive suppression of the Kwangju uprising in 1980.

Some of the organizations issued protest statements and others plan to stage rallies shortly while activist students hit the streets denouncing the prosecution decision.

"The decision should be made void and null and we will launch struggles to get a special law enacted so as to punish massacrers' regardless of the legal period of prosecution prescription," the "Joint Committee for the Indictment of May 18 Massacrers" said in a statement.

The joint committee is an association of 136 political party chapters and social organizations in the Kwangju and South Cholla Province area.

About 1,000 members of related organizations and students plan to go to Seoul by bus Wednesday morning to lodge a protest with Chongwadae [presidential offices] and former-presidents Chon Tu-hwan and No Tae-u as part of their protest struggles.

In another action, the joint committee called a public rally at 4 PM this Saturday at the square in front of the provincial office in Kwangju to condemn the prosecution decision.

Around 6 PM Tuesday, some 800 students and citizens held a rally at the Choson University campus demanding

that those responsible for the suppression be brought before the court.

Prior to the campus rally, about 500 students staged a violent demonstration near the Kwangju District Prosecutor's Office, clashing with the riot police.

The Kwangju City Council, in a statement, denounced the prosecution decision, demanding the legislation of a special law and introduction of a special prosecutor system.

The Kwangju chapter of the Democratic Party said it is staging a protest rally in collusion with the joint committee near the Kwangju Park at 6 PM Thursday.

#### **DLP's Kwangju Chapter Furious**

*SK1807122995 Seoul YONHAP in English*  
1205 GMT 18 Jul 95

[FBIS Transcribed Text] Kwangju, July 18 (YONHAP) — Despite its headquarters' affirmative reaction, the Kwangju chapter of the ruling Democratic Liberal Party (DLP) was furious Tuesday at the prosecution's decision made over those sued for their roles in the brutal suppression of the Kwangju incident in 1980.

"We can hardly control our indignation at the prosecution decision that they have no right to prosecute those sued," an official statement of the DLP chapter said.

"Light should be shed on the truth of the Kwangju democratization movement without fail," the statement said.

The DLP headquarters in Seoul said in an official comment that "We respect the prosecution decision as the exercise of a proper right of the prosecution."

The Kwangju chapter of the party went on to say that it is hardly understandable that despite their confirmation that martial law troops opened fire at innocent citizens at the Chunam village near Kwangju, the prosecution failed to take steps to punish those responsible.

"If some political sectors launch a legislative drive to dig out the truth of the Kwangju incident, we will positively join them beyond partisan interests," the chapter's statement said.

#### **Article Criticizes Kim Tae-chung, Kim Yong-sam**

*SK1907062995 Seoul THE KOREA TIMES in English*  
19 Jul 95 p 2

[Article by "CUB," entitled: "National Leaders Can Be Selfish, Capricious"]

[FBIS Transcribed Text] As the nation is swept up in the impact of the collapsed department store claiming



more than 700 lives, many people frown at Kim Tae-chung breaking his own promise to re-enter politics and inaugurate a new political party.

He apologized for not living up to his promise to stay out of politics, but he spoke as if it were not his fault but President Kim Yong-sam's.

"Had it not been for the failure of President Kim's management of state affairs, how in the world could I dare to think of resuming politics?" he asked.

He also blamed the opposition Democratic Party [DP] for inaugurating a new party, arguing that the DP is bogged down in endless fractional strife, thus failing to meet the challenges of the new era. To consider that Kim virtually managed the party through the largest faction, called the Tonggyo-tong, his remarks sounded like a hollow excuse.

Watching Kim retool his political ambitions against his own promises, one must doubt the integrity of the so-called national leaders. When asked about the possibility of resuming politics in the past, he dismissed it by saying, "As you know I failed three times in my presidential bid. I am not so brazen-faced as to beg for votes a fourth time." His resumption of politics is another example of how national leaders can be selfish and capricious.

President Kim is not any better.

He is departing for a visit to the United States on Saturday. Due to the magnitude of the man-made disaster, many people doubt if it is proper for President Kim to go to the United States now although it has been prepared long before.

His visit is primarily to take part in the dedication ceremony for the Korean War Monument in Washington. His attendance is proper when considering the fact that the Korean Republic may have been wiped off the face of the map had it not been for the participation of American soldiers in the Korean War.

Taking advantage of the occasion, President Kim will hold a summit with President Bill Clinton and deliver a speech before a joint session of Congress.

His speech before Congress, which is only a feather in his cap, can hardly be credited as Seoul has become an international laughing stock because of the shameful collapse of the department store. No speech could arouse passion under such circumstances.

If Kim calls off the visit, he may also be criticized for doing it not out of his compassion for the victims but for the purpose of improving his shattered image with the public.

President Kim visited Europe in March. Besides the impending visit to the United States, he is to visit New York in October for the 50th anniversary of the founding of the United Nations and Japan in November for a summit of APEC leaders.

What has become of the pledge he made during the presidential campaign not to make overseas visits as frequently as his predecessors?

**Kim Tae-chung Not Yet Considering '97 Candidacy**  
*SK1907061395 Seoul THE KOREA TIMES in English*  
19 Jul 95 p 2

[FBIS Transcribed Text] Kim Tae-chung said he is willing to meet President Kim Yong-sam if it would be helpful to the nation. However, he said no decision has been made whatsoever about his candidacy for the 1997 presidential elections.

Following are questions and answers from his press conference.

Question: You are back in politics again. Is this return not against your life credo that what's important is not to become somebody but how one lives?

Answer: No change there. Resuming politics was a painful decision according to my conviction.

Q: Will you run in the 1997 presidential election? Will you accept the presidency of the new party if offered?

A: To the first question, I have not yet given it any thought. It is too early to make any commitment now. No one can be the president without the heaven's blessing. I am preoccupied now with how to make a good party. What post I will take will be decided in the course of inaugurating the party.

Q: Are you willing to meet President Kim if you become the president of the new party?

A: I will do so if it is helpful to the nation. I have tried to met him to discuss the issue of national reunification but failed. It is natural and proper to meet him if necessary.

Q: What do you say about the survey that showed 70 percent of those polled unfavorable to the creation of a new party?

A: I know of it. Some oppose my return to politics. Others question why I should resume politics and inaugurate a new party. With time, I believe they will understand me.

Q: Would you comment on the possible change of government power structure to the cabinet system?

A: For now I cannot say for sure. Personally, I favor the present presidential system. But I will listen to



the opinion of people, which will take shape through the election of lawmakers next year. My position can change depending upon the outcome. My final position will be decided on through discussions with the party.

Q: Would you comment on regionalism?

A: My call for "equal right by regions" will ensure equal rights by regions. It conforms to the ideal of local autonomy. It is different from the monopoly of power by the people hailing from a certain area under the 30 years of military regimes. Such regional hegemony has been greatly weakened through the local elections. I am convinced that the regional antagonism can be replaced with cooperation and harmony.

Q: Will you embrace the opposition DP [Democratic Party] when it forms new leadership through the national convention in August to unify the opposition forces and take on the ruling party?

A: Doors are wide open to all when new politics are concerned. New generation politicians in their 30's and 40's should assume the leading roles. The new party will have its support base in the middle class which seeks reform in stability.

Q: There is criticism to one-man rule in political parties. How will the new party operate?

A: I myself tried to run the party democratically in the past. I held as many caucus meetings and executive council meetings as possible. Even when I was sole contender for the party presidency, I was made so through voting. There should be no confusion between the democratic leadership and authoritative leadership. I will introduce the open contest by voting for key party posts.

Q: Will you form a sort of alliance with Kim Chong-pil of the United Liberal Democrats? What will the political landscape be like in the future?

A: It is not proper to predict the nation's politics. However, it is right for the opposition parties to align to pursue common objectives. This is because President Kim leads the nation arbitrarily as if he knew everything there was to know about it. But he will have my help if he takes rightful path.

A: The door is wide open. It is not closed even to those who helped the military regimes of the past. But their acceptance will be done case by case.

#### **'Deluded by Greed for Power'**

SK1907070195 Seoul YONHAP in English  
0519 GMT 19 Jul 95

[FBIS Transcribed Text] Seoul, July 19 (YONHAP) — Ruling Democratic Liberal Party Chairman Yi Chun-ku

harshly criticized Kim Tae-chung Wednesday, saying, "The mastermind who confused the recent local elections by stirring up regional rivalry, deluded by his greed for power, has himself renounced his pledge to the people."

Calling him "an audacious man who is disregarding the objections the majority of people are expressing about his political comeback," Yi said, "he will again confirm the historic lesson that politics which runs counter to the public's wishes will be forsaken by them."

Yi made these remarks in his address to the DLP Tongduchon-Yangju district chapter reorganization rally Wednesday afternoon.

#### **Cholla Lawmakers Not Following**

SK1907093595 Seoul YONHAP in English  
0844 GMT 19 Jul 95

[FBIS Transcribed Text] Seoul, July 19 (YONHAP) — Three opposition Democratic Party (DP) lawmakers hailing from South Cholla Province, the hometown and political base of former opposition leader Kim Tae-chung [KTC], Wednesday said they will not join the new party Kim is creating.

Reps. Pak Sok-mu, Hong Ki-hun and Hwang Ui-song told reporters at a press conference held at the DP headquarters in Mapo, western Seoul, Wednesday that, "although it may run counter to the wishes of the majority of Honam's (North and South Cholla Provinces) citizens, we won't join the new party being created by Chairman Kim Tae-chung of the Peace Foundation for the Asia-Pacific Regions."

"The inauguration of the new party being pushed in a highhanded manner without the public's consensus has deprived the citizens of their dreams," the three assemblymen asserted, adding, "We've made up our minds to promote regional integration at the risk of inviting criticism from residents and to pursue the historic cause of national unification."

The unwillingness to join the new party displayed by the three DP lawmakers who are allied with DP Vice President Kim Won-ki who hails from Chonju, North Cholla Province, and who earlier distanced himself from Kim Tae-chung, draws attention as it is unusual under the current political climate since they are from the Honam region which has traditionally been dominated by Kim Tae-chung.



**Sampoong Site Declared Special Disaster Area***SK1907023895 Seoul YONHAP in English  
0209 GMT 19 Jul 95*

[FBIS Transcribed Text] Seoul, July 19 (YONHAP) — President Kim Yong-sam proclaimed the site surrounding the collapsed Sampoong Department Store a "special disaster area" on Wednesday in accordance with the disaster control law, which passed the National Assembly last Saturday.

In his statement, President Kim said, "the government will study ways it can provide special support in the fields of administration, finance and taxation necessary for the rescue work and restoration of damaged businesses. The government will also actively help to compensate the victims as quickly as possible."

With the proclamation, the government can contribute 250 billion-300 billion won towards rescue activities, treatment of the injured, relief to victims and the restoration of damaged facilities.

The government will revise construction-related laws to stop slipshod construction practices and to establish a culture that respects safety, he said.

"The government will not allow those enterprises who neglect people's lives and pursue only their own interests to stay in our society."

**Rescue Work To End 19 Jul***SK1907085095 Seoul YONHAP in English  
0723 GMT 19 Jul 95*

[FBIS Transcribed Text] Seoul, July 19 (YONHAP) — Rescue work at the collapsed Sampoong Department Store is expected to end later Wednesday [19 July], 21 days after the building's cave-in on June 29.

Meanwhile, the death toll increased to 459, while the number of injured totals 383 with another 176 estimated missing as of 10:00 AM Wednesday.

Seoul city disaster relief headquarters expects the number of missing will decrease considerably as the work to remove the wreckage is almost complete.

The joint relief team has removed more than 30,000 tons or 89 percent of the total 34,000 tons of rubble at the site.

However, disaster headquarters has not been able to identify 68 recovered bodies yet.

Meanwhile, the relief team is searching Nanjido, a large garbage disposal site inside Seoul, for possible dead bodies and their personal effects as the families of those missing are concerned that they may have been dumped there by mistake, mixed in with the building's debris.

All of the rubble removed from the disaster scene has been moved to Nanjido.

**Zenith Purchase New Trend in Market Penetration***SK1907093695 Seoul THE KOREA TIMES in English  
19 Jul 95 p 8*

[Report by No Chun-hon]

[FBIS Transcribed Text] LG Electronics' acquisition of Zenith, one of the world's best known makers of television sets and established in 1918, signals a more diversified program to break into the North and South American market.

The deal is an example of a powerful marriage between high electronics technology and superior manufacturing expertise and could be the beginning of new alliances in an age of increasing protectionism.

Han Hong-kwang, senior managing director of LG Electronics, said while Zenith is certain an ailing company, with losses of 14 million dollars on revenues of 1.5 billion dollars last year, a swift restructuring of its manufacturing facilities could improve productivity considerably. "Zenith currently employs as many as 22,000 workers but it has not had the financial means of implementing a higher level of automation and personnel realignment to make it more competitive," he explained.

Of the 361 million dollars to be invested into the American company, 160 million will be used to restructure management and reengineer production, turning the company around in two and a half years.

In a meeting with reporters, LG Electronics' chairman Yi Hun-cho said Zenith is expected to turn a profit in 1997. "The restructuring will take an estimated 18 months."

Yi observed that some of Zenith's technologies are the most advanced in the industry and could prove to be the turning point for LG Electronics in not only penetrating the TV market but the multimedia sector as well.

"Zenith has been playing a pioneering role in the development of high definition television and flat tension mask (FTM) TV tubes and the acquisition of these technologies will propel LG Electronics ahead of its competitors around the world," Yi said.

It said one of the most critical aspects of the acquisition is the means it provides LG Electronics of gaining strong image recognition without having to make a financial sacrifice.

"Most of our marketing activities in the United States are based on OEM (original equipment manufacturing)



contracts. We only have a 20-percent share of the market with the Goldstar brand," Yi admitted.

However, with the image recognition realized by Zenith, LG Electronics can become a total force, possibly overtaking RCA, which has 16.5 percent of the U.S. market, as the largest maker of television sets in the U.S.

He said the integration of the manufacturing facilities of LG Electronics and Zenith, both in the U.S. and in Mexico and other places, will give LG production of 6 million units per year, the largest within the NAFTA (North American Free Trade Agreement) region.

The merger with Zenith will create a synergy for the rapid development of multimedia, concentrating on digital technologies for the introduction of interactive consumer products and other entertainment and education devices and programs.

Meanwhile, industry experts said LG Electronics's latest corporate maneuver represents a turnaround for its concentrated foreign investment program, pursued mainly through mergers and acquisitions, from high-tech fields to consumer electronics.

In recent years, some of the most lucrative Korea takeovers have been launched on semiconductor and hard disk drive companies, such as those by Samsung Electronics and Hyundai Electronics Industries [HEI].

Most recently, Samsung Electronics invested a total of more than 375 million dollars for the acquisition of AST Research of the United States, a specialist in personal computers.

Late last year, HEI funneled 340 million dollars into the acquisition of the Microelectronic Products Division (MPS) of AT&T GIS of the United States for the production of non-memory chips.

"The LG acquisition is proof that Korean funds can effectively be used for the restructuring and improvement of American manufacturing facilities. It could create a positive momentum for other similar ventures," one expert said.

#### **New Firm To Handle Inter-Korean Traffic**

*SK1907033995 Seoul YONHAP in English*  
0200 GMT 19 Jul 95

[FBIS Transcribed Text] Seoul, July 19 (YONHAP) — A new shipping firm to exclusively handle inter-Korean maritime traffic will be established towards the end of July, industry sources said Wednesday,

Investing in the new company, tentatively named the Inter-Korean Shipping Co., are eight domestic and one Hong Kong-based shipping firms.

The company will put bulk carriers on the route linking Inchon to Nampo, the sea gateway to Pyongyang, according to the sources.

Korea Special Shipping Co. will also begin servicing the Pusan-Chongjin route in September. To this end, the company already applied for the government's approval.

At present, Samsun Shipping Co. is the only carrier of inter-Korean freight.

The Daewoo Group's construction of factories in Nampo and the rice aid to North Korea are expected to increase inter-Korean maritime cargo traffic and the shipping industry is planning to increase its inter-Korean sea routes to handle the growth, the sources said.

#### **Direct Links With Russian Gas Fields Studied**

*SK1907034195 Seoul YONHAP in English*  
0109 GMT 19 Jul 95

[FBIS Transcribed Text] Seoul, July 19 (YONHAP) — South Korea is studying the feasibility of building a pipeline linking Russia's natural gas fields to Seoul, the International Trade and Industry Ministry officials said on Wednesday.

A group of civil researchers recently asked the ministry to approve the establishment of a corporation tentatively named "South Korea's Pan-Asian Natural Gas Pipeline Research Group."

The research group plans to study ways to construct pipelines from several natural gas fields in Sakhalin, Yakutsk and Tarim to nearby countries like China, Mongolia, South Korea and Japan.

The government already discussed the issue with Russia earlier this month, and the civilian group is expected to provide some detailed ideas for the gas trade.

Pak Chae-yun, international trade and industry minister, met with visiting Russian Vice Premier Oleg D. Davydov last week and discussed the possibility of supplying Russian natural gas to South Korea.

They agreed to host a meeting of working-level officials from four countries—South Korea, Russia, China and Mongolia—this year to discuss issue.

A ministry official quoted Davydov as saying that fields in Western Russia have enough gas to supply 7 million tons annually to each South Korea and China for the next 20 to 30 years.

South Korea's demand for natural gas this year is expected to reach 6,550,000 tons, about 90 percent of which will be imported from Indonesia, according to the ministry.



## Burma

### Opposition Group Urges 'Genuine Reforms'

BK1907025695 Oslo Democratic Voice of Burma  
in Burmese 1430 GMT 16 Jul 95

[Document released by the Agitation Committee of the National Council of Burma on 17 July: "Future Course of Action after the Release of Daw Aung San Suu Kyi]

[FBIS Translated Text] It will be necessary to correctly analyze and scrutinize the release of the people's cherished leader, Daw Aung San Suu Kyi, and clearly think and decide about the future course of action. Does the sudden release of Daw Aung San Suu Kyi by the SLORC [State Law and Order Restoration Council] mean it has given up dictatorship to carry out genuine democratic reforms? Or is it the movement of an important pawn in a chess game in which it has more to gain than lose to prolong the military dictatorship? These two points should be correctly analyzed.

After the release of Nelson Mandela in South Africa, de Klerk declared that apartheid had been defeated and discussions must be held on national reconstruction tasks. A different situation prevails, however, when Daw Aung San Suu Kyi was released. There was no official announcement of her release and the report on her release was not carried by domestic newspapers. There was also no announcement on political programs such as joint consultations to resolve problems. These points indicate Daw Aung San Suu Kyi was not released with good intentions to carry out genuine democratic reforms after giving up military dictatorship.

The SLORC calculated they would lose if they continued to detain Aung San Suu Kyi. The continued detention of Daw Aung San Suu Kyi and the cost of commodities, which had risen five times the level of 1988 due to their inability resolve basic economic problems and discontent among the populace suffering from political suppression and human rights violations, could act as the detonator for an explosive situation. Trade sanctions from the U.S. could also spread to other countries and affect the SLORC's economy on a large scale. In particular, if U.S. trade sanctions were approved, the Unocal company, the major share holder in the gas pipeline project, could face a major problem in their investment in Burma. If the Unocal company backs down, and if democratic forces take action against the remaining company, Total, the SLORC's dream of earning \$400 million annually from the gas pipeline to prop up its dictatorship with cash could be shattered. Furthermore, there is the possibility of the October session of the United Nations General Assembly passing harsh resolutions against the SLORC. These conditions forced the release of Aung San Suu Kyi. They released her be-

cause they could gain more than they could lose if they continued to detain her.

The entire nation must march along the path of national reconciliation with the interests of the people in mind in order to overcome the (?disastrous situation) in Burma. If the SLORC wants to march along the path of genuine peace and national reconciliation and carry out democratic reforms, it must release all political prisoners and rescind unjust decrees and laws banning political activity and basic freedom of the people; it must end the sham National Convention; it must declare a nationwide cease-fire; and it must officially announce to the entire nation and the world how negotiations will be held. If they do not take these actions, it cannot be said that there is progress in democratic reforms in Burma with the release of Daw Aung San Suu Kyi alone.

It will be necessary to continue the fight politically against the deeds of SLORC, which continues to hold the National Convention under the guise of peace and national reconciliation in order to prolong the military dictatorship. These actions should be implemented under the leadership of Daw Aung San Suu Kyi.

It will be necessary to continue to work with us in opposing the SLORC's sham National Convention, which is in fact a military convention aimed at prolonging military dictatorship. It will be necessary to expose to the international community whether or not the people accept the sham National Convention. It will be necessary to approach those who have the potential to be on the side of the people to carry out democratic reforms to boycott the convention. Under international activity, efforts should continue to maintain international pressure and to stem the flow of assistance from democratic countries following the release of Daw Aung San Suu Kyi, and to work toward economic sanctions until genuine reforms are carried out. The patriots and patriotic organizations abroad are urged to use international focus on Burma following Aung San Suu Kyi's release in expressing their wishes through various means and to step up diplomatic work. The National Council of Burma appeals to them to coordinate their work as much as possible and exchange news and coordinate their activities.

The divisive rule of the military dictatorship has caused disunity among the national people of Burma. Genuine national unity can be established only through enjoyment of just, correct, and equal political rights. It is becoming increasingly clear that the SLORC's cease-fire arrangements, which do not recognize the right to political and economic activity and which give concessions arbitrarily, give no guarantee for long-term internal peace. Therefore, national races should hold con-



sultations among themselves on the rights they wish to enjoy and how they are to achieve equality. The National Council of Burma shall strive to strengthen the path of national reconciliation led by Daw Aung San Suu Kyi. Regardless of the objectives of the SLORC, favorable conditions (?have emerged). There is growing international focus and the people's aspirations have been activated with new strengths growing among the forces of opposition against the military dictatorship. Unity among the democratic forces shall have to be built with these favorable conditions among the democratic forces. Difficulties that lie ahead can be overcome with the strength of unity. History is demanding that the unity of the forces opposing the military dictatorship be built with interests of the motherland and the people in mind.

#### **Aung San Suu Kyi Meets With NLD Organizers**

*BK1807131495 Hong Kong AFP in English  
0738 GMT 18 Jul 95*

[FBIS Transcribed Text] RANGOON, July 18 (AFP) - Burmese dissident Aung San Suu Kyi kept up meetings with National League for Democracy (NLD) officials on Tuesday in an attempt to rebuild and unify the leading organization of Burma's pro-democracy movement.

Aung San Suu Kyi was stressing NLD unity in talks with the officials, from whom she was asking for — and receiving — pledges of total support as she tried to rebuild the organization, the dissident's aides said.

The NLD, founded in 1988, is an umbrella organization of many opposition groups representing a broad range of opinion. It has been largely ineffectual recently with several top leaders still in jail and others in hiding.

Some 30 NLD members from Saging Division in northwest Burma near the border with India were admitted to her lakeside home in the morning. One observer said they were NLD organizers and members of the region's executive committee.

Aung San Suu Kyi has been meeting daily with top NLD officials since her release from nearly six years of house arrest on July 10.

Aye Win, a cousin who has been functioning as Aung San Suu Kyi's press liaison, told reporters that she would later see other NLD groups as well as some dissidents.

Aung San Suu Kyi has said that she was not trying to recreate the NLD of 1989, but was trying to build an organization that could be effective today.

Aung San Suu Kyi was a co-founder of the NLD, and as the daughter of national hero Aung San, campaigned

widely for the party ahead of elections that the NLD swept in April 1990.

The SLORC subsequently ignored the poll results and refused to relinquish power. Instead it clamped down on the opposition, arresting top NLD leaders and forcing others to flee to the jungle or across the border into Thailand.

Aung San Suu Kyi has kept a low profile since her release but plans to make her first public appearance Wednesday to attend a wreath-laying ceremony marking the assassination of her father 48 years ago, an aide said Monday.

But the aide stressed that she would keep the Martyrs Day appearance low-key to avoid incidents.

Meanwhile, an informed source said Aung San Suu Kyi's husband, British academic Michael Aris, and their youngest son, Kim, had been given visas and would arrive here on July 27.

Aris' last visit was in January and his subsequent requests for visas were denied. A recent issue of the official daily New Light of Myanmar said the government felt Aris had become too political.

When Aris left in January he carried out with him a statement by Aung San Suu Kyi that he released to the press in Bangkok. In it she pledged to keep fighting for democracy and to never let her people down.

In Bangkok, a leading Burmese student dissident group called on the junta to follow up Aung San Suu Kyi's release by holding talks between the SLORC and leaders of the various ethnic and pro-democracy groups.

The All Burma Students' Democratic Front, in a statement to mark Martyrs Day, also denounced the junta "for their broken promises concerning the democratic reform" and demanded the release of all political prisoners.

#### **Suu Kyi Makes 3-Minute Martyrs' Day Appearance**

*BK1907040195 Hong Kong AFP in English  
0343 GMT 19 Jul 95*

[By Jim Hatton]

[FBIS Transcribed Text] Rangoon, July 19 (AFP) — Opposition leader Aung San Suu Kyi laid flowers Wednesday at the memorial to her father and eight others murdered here 48 years ago as they planned Burma's independence from Britain.

The brief, three-minute appearance for Martyrs' Day was her first in public since her release July 10 from nearly six years of house arrest.



Scores of foreign journalists witnessed her appearance, the first time she has participated in the wreath-laying ceremony and the first time the government has allowed the media to record it.

But the general public was not allowed to attend, and she did not cross paths with the government members who had left moments before her arrival after paying homage at the monument.

Security was very tight, with armed men in uniform posted throughout the area.

The solemn ceremony was held at the Martyrs' Mausoleum, a sweeping, curved red concrete monument with a single yellow star and a white concrete bier in front.

It began at 7:50 A.M. (0120 GMT) under heavy but clearing skies when military buglers took their places on either side of the raised platform.

Ten minutes later as the buglers played a dirge, Brigadier Thaung Myint, the minister of culture, mounted the steps to the platform and was assisted by an honor guard in placing four wreaths before the monument.

He and other members of the government bowed their heads in silence for about two minutes, and then left.

At 8 A.M. (0130 GMT) precisely, Aung San Suu Kyi arrived in a car at the base of the monument.

Wearing a black shawl over a cream-colored blouse and a black longyi (sarong), her face was expressionless as, with the help of four women from the Culture Ministry and government liaison officer Lieutenant Colonel Than Tun, she placed baskets of flowers in front and at either end of the bier.

The daughter of independence hero Aung San bowed her head in silence before leaving. The ceremony commemorates the murders on July 19, 1947, of her father, seven of his colleagues in the liberation struggle and a security guard.

They were gunned down by men in uniform as they met to plan the transfer of power from Burma's colonial ruler, Britain. Independence came to Burma the following January.

Family members of the eight other martyrs were to lay wreaths at the mausoleum shortly after Aung San Suu Kyi left.

They were to be followed by members of the diplomatic community, including representatives of China, France, Japan and the United States. Representatives of several United Nations organizations were also to attend.

Burmese authorities placed Aung San Suu Kyi under house arrest in July 1989 because of her strident criticism of the military government in speeches ahead of national elections the next year that were swept by her National League for Democracy (NLD).

The junta subsequently refused to recognize the vote and did not hand over power.

Since her release, Aung San Suu Kyi has vowed to continue her efforts to bring democracy to Burma.

#### **Leaders Attend Martyrs' Day Ceremony**

*BK1907081495 Rangoon Radio Myanmar in Burmese 0630 GMT 19 Jul 95*

[FBIS Translated Text] The 48th Martyrs' Day ceremony was held at 0800 this morning at the Martyrs Mausoleum. Brigadier General Thaung Myint, culture minister and chairman of the Committee for Holding the 48th Martyrs' Day ceremony, attended the ceremony on behalf of the chairman of the State Law and Order Restoration Council. Brig. Gen. Thaung Myint saluted the state national flag and laid a wreath at the tombs of the fallen national leader, General Aung San, and other martyrs, and prayed at the ceremony.

The ceremony was also attended by U Aung Toe, chief justice; U Tha Tun, attorney general; U Aung Khin Tint, auditor general; U Soe Nyunt, deputy culture minister and chairman of the Executive Committee for Holding 48th Martyrs Day Ceremony; U Tin Htoo, secretary of the Committee for Holding 48th Martyrs' Day ceremony and director general of the Fine Arts Department; committee members and secretaries of ad hoc committees; and senior officials from the Army, the Navy, the Air Force, the People's Police Force, and the Fire Services. Next, family members of the fallen martyrs laid their respective wreaths at the tombs of the martyrs, saluted, and shared prayers.

Next, diplomats from foreign diplomatic missions in Burma and senior officials from the United Nations agencies, and representatives of mass organizations laid their respective wreaths and saluted. Members of the general public also came to pay their tribute at the tomb of Gen. Aung San and martyred leaders. At 0930, Culture Minister Brig. Gen. Thaung Myint offered food and donations in kind to 50 monks led by Abhidaza Maharata Guru, chairman of the State Sangha Mahanayaka [Committee of Senior Monks] and Myingyan Koesaungtaing abbot, at the City Hall.

The national flags were flown at half mast at factories, mills, offices, and private homes in Yangon [Rangoon] and various townships in the Yangon Division in



memory of the martyrs and food and offerings were presented to monks and acts of merits were performed.

**Ohn Gyaw Affirms Importance of PRC Ties**

**BK1607150395 Bangkok THE SUNDAY POST**  
*in English 16 Jul 95 p 1*

[Report by Anurat Maniphan from Rangoon]

[FBIS Transcribed Text] Burmese Foreign Minister Ohn Gyaw has affirmed that friendship with China is important to Rangoon's regional policy calculations.

But he stressed that Burma sought to establish "friendly relations" with all neighbouring countries as it now focuses on regional stability as part of its "changing with the times".

The minister made the points in an exclusive interview with the BANGKOK POST on Thursday.

That was when he confirmed that Burma is planning to take a first step toward eventual membership of the Association of Southeast Asian Nations (ASEAN).

"Yes," the minister replied when asked if Burma's friendship with China was important to the course of Burma's relations with Southeast Asian states.

"We have five neighbouring countries, three in the east and two in the west. Our aim and our aspiration is to have friendly relations with neighbouring countries," he said.

China, Laos and Thailand are Burma's immediate neighbours to the east. Bangladesh and India lie immediately west.

"We have been able to establish together with China, and together with India, five principles of peaceful co-existence," Ohn Gyaw said.

"We have good border trade with China. We have good exchange of visits.

"And we have a good economy and, above all, we have good understanding of each other," he said.

"Yes, the BCP [Burmese Communist Party] they have supported but they have discontinued (to do so)," the minister said of China's previous, long-lasting support for the now-defunct Burmese Communist Party.

"But this is not the main criteria of good relations because you have to understand people-to-people relations and leadership relations," the Burmese minister said.

"Understanding is the most important thing. You have to understand other countries' difficulties, other countries' commitments," he said.

China's Prime Minister Li Peng visited Burma last December. Chinese Defence Minister Chi Haotian was in Rangoon last week.

Mr Li Peng, during his visit to Rangoon, publicly denied reports that China was trying to firm up facilities at naval bases in the Andaman Sea.

Little is known of the Chinese defence minister's trip. China and Burma share a common border that stretches 2,000 kilometres.

"With the two neighbouring countries, it is quite natural what we are doing. You have to see it from the perspective of what our country is doing," the Burmese foreign minister said.

"We are trying to invite the insurgents. We are trying to invite the armed groups who were, during the last 35 or 40 years, away from the legal fold.

"Now we have invited them back into the legal fold. And then it has become our obligation to the natural races at the border area.

"Of course, we have to rely on each other, neighbouring countries," the minister said.

After Rangoon's forces crushed the Karen National Union stronghold in January this year, the Shan United Army of opium warlord Khun Sa is considered to be the only rebel group left with teeth.

Ohn Gyaw affirmed that Burma and China were cooperating in road-building in order to promote border trade.

"The United Nations itself has been promoting this thing you know what is the meaning of Asian Highway, going from one country to another," he said.

## **Brunei, Malaysia & Singapore**

### **Malaysia**

#### **EU Urged To Review Tariff Preference Scheme**

**BK1907110795 Kuala Lumpur Voice of Malaysia**  
*in English 0800 GMT 19 Jul 95*

[FBIS Transcribed Text] Malaysia wants the European Commission, EC, to review the current European Union generalized system of preferences, EU GSP, regime by the year end and to reconsider representations made by Malaysia and other developing countries. Deputy Minister of International Trade and Industry Kerk Choo Ting said new representations arising from the experience after the first year of application of the new GSP should also be urged. Representations made so far have not been taken into consideration by the EC.



He said this when opening the EU GSP seminar in Kuala Lumpur today. GSP offers preferential tariff treatment to developing countries. The EC should give serious attention to problems faced by Malaysian exporters, who have to completely revise their planning and activities as a result of high duty increases from zero previously under the old scheme. A new GSP regime which was to be imposed on 1 January 1990 was delayed until 1 January 1995.

Kerk said under the new EU GSP scheme Malaysia will be graduated out of the four product sectors as from 1 January 1998 in plastic and rubber, wood, clothing, and selected subsectors of consumer electronics. He added that despite the growth of the Malaysian economy and the industrial sector, a large number of Malaysian manufacturers were still small- and medium-sized who needed the GSP in order to compete.

#### **Commentary Views Investment in Cambodia**

*BK1907052995 Kuala Lumpur Voice of Malaysia in English 0810 GMT 18 Jul 95*

[Station commentary]

[FBIS Transcribed Text] The assurance by Cambodian First Prime Minister Hun Sen that Malaysian investments are safe in his country is indeed heartening. Not that Malaysians are holding from going to the Indochinese nation, but there have been attempts by some extremist groups to destroy the Malaysian investments there. They are hoping to discourage foreign investments into the country. For Malaysian investors, Cambodia has become a major destination among newly emerging countries. But as a new nation, it is grappling with some security problems. The fact is that some former disgruntled government officials are trying to [words indistinct] and the contracts that they have pledged with Malaysian parties.

It is noteworthy that since Sihanouk's government took office, it is trying very hard to restore the country's economic projects. More than anything else, job creation would be the utmost priority. There have of late been some criticisms, especially from some groups in Phnom Penh, condemning these contracts. However, what is important now between Malaysia and Cambodia is to realize the many agreements signed between them. Malaysian investments in Cambodia have reached a staggering 1.5 billion ringgit deal. This makes it the largest foreign investor in that country. Unfortunately, it has attracted negative criticisms from some parties. Hun Sen guaranteed that there would be no revision to agreements signed to go a long way to boost the confidence of Malaysian investors who have made inroads into Cambodia. He had also urged others to

follow suit. As Hun Sen put it, Cambodia is obliged to protect foreign investors and honor all their investments. For example, he explained that the Royal Air Cambodge deal, which had come under fire from some members of the Cambodian Parliament, was consistent with the Constitution and in the interest of the Cambodian people. The agreement marked Malaysia's efforts to assist Cambodia to develop its airline industry further through Malaysian Airlines.

Trade and investment between both countries is also set to go further given Cambodia's aim to send its people to help Malaysia overcome its acute labor shortage problem. It is important at this stage to ensure that the momentum for economic development will not run into any obstacles. The country was devastated and the people suffered for years owing to the gravity of war.

There is a long way to go before Cambodia can boast of adequate infrastructure. Now peace has returned and the potential is bright for Cambodia to join the international community. A first step would be its membership into ASEAN. This is a step in the right direction toward incorporating Cambodia into regional economic program efforts and any moves to derail this momentum should be resisted.

#### **Additional Palm Oil Credit Granted to Pakistan**

*BK1907035095 Kuala Lumpur UTUSAN MALAYSIA in Malay 17 Jul 95 p 32*

[FBIS Translated Text] Kuala Lumpur 16 Jul — Datuk Sri Dr. Lim Keng Yaik, minister of primary industries, said that Malaysia has agreed to provide loan facilities to Pakistan for the purchase of palm oil worth RM [Malaysian ringgit] 25 million over a two-year period. He said that this is an additional loan to the RM250 million that Malaysia gave to Pakistan in 1992.

Dr. Lim said Pakistan had only utilized about RM167.5 million of the first loan issued, and there was now a balance of RM57.5 million.

"This means Pakistan did not fully utilize the palm oil purchasing loan allocated to it in 1992," he said.

He said this to journalists after opening the Gerakan [Malaysian People's Movement Party] Youths and Women Movements' state liaison representatives meeting here today.

#### **Visit**

Dr. Lim said Pakistan's request for the loan was made during the recent visit of Prime Minister Benazir Bhutto to this country.

He said that initially Pakistan had requested RM250 million to be added to the previous loan. Somehow, the



Malaysian Government only approved the sum of RM25 million. With this, Pakistan's total loan for the purchase of palm oil stands at RM275 million, to be repayed in 1999.

Dr. Lim said Pakistan will start repaying the loan in October 1997 over a period of two years under the Palm Oil Credit Payment Arrangement, POCRA, scheme.

He said that apart from Pakistan, several other countries such as Burma, Sudan, Kazakhstan, Algeria, and China had also taken up loans under the POCRA scheme.

#### **Conditions To Extend Algeria Credit Outlined**

*BK1807142395 Kuala Lumpur THE STAR in English*  
*17 Jul 95 p 4*

[Report by Hah Foong Lian]

[FBIS Transcribed Text] Kuala Lumpur — Malaysia will not extend Algeria's credit facility for palm oil unless it starts repayments.

Primary Industries Minister Datuk Sri Dr Lim Keng Yai said Malaysia had not agreed to re-schedule Algeria's [Malaysian ringgit] RM123 million credit under the Palm Oil Credit and Payment Arrangement.

"We will not re-schedule the repayment period and it (Algeria) has to start paying back our credit which we granted in August 1992.

"When Algeria starts re-paying, it will be given an additional RM73.8 million credit," he said here yesterday after opening the Gerakan [Party] Federal Territory annual delegates meeting.

Algeria, he said, had used up the RM123 million credit facility in the first year.

The system extends credit facilities to the buyer for up to two years.

Under International Monetary Fund (IMF) conditions, Algeria has to re-schedule its debts if it wants to increase IMF borrowings, Dr Lim said.

It was reported that the IMF-stipulated credit arrangements enabling countries to settle payments at a later date of more than three months had given rise to exchange restrictions.

He said Malaysia had extended the credit facility of RM105.78 million for Pakistan under the system until June 1997.

"Pakistan has started paying back the credit and has asked for an extension, he said when commenting on Pakistani Prime Minister Benazir Bhutto's visit recently.

In 1992, Pakistan was given a credit facility of RM246 million. It has used RM164.82 million up to 1994, he said.

#### **Pirated Software Seized in Georgetown Raids**

*BK1907033695 Kuala Lumpur THE STAR in English*  
*18 Jul 95*

[Received via Internet]

[FBIS Transcribed Text] Penang — More than RM [Malaysian ringgit] 5 million worth of pirated software have been seized from four computer shops in Georgetown.

Domestic Trade and Consumer Affairs Ministry enforcement senior assistant director Mohamed Said Zin said yesterday the seizures were made in a series of raids following tip-offs from the Business Software Alliance (BSA).

"We seized more than 300 diskettes, which were used to load pirated programmes for customers, and seven personal computers containing the software.

"Business records and customer receipts showed that the diskettes containing pirated programmes were sold at only RM2 each," he said, adding that the raids were conducted with the help of BSA.

Mohamed Said said in a telephone interview from Kuala Lumpur that several employees from one of the shops provided them with names and locations of other sourcing centres and dealers of such products.

"They will be raided in a follow-up exercise after the necessary action has been taken against the raided shop owners."

Action can be taken against the offenders under the Copyright Act 1987 which carries a RM10,000 fine for each pirated item, five years imprisonment, or both, upon conviction.

It is learnt that the software haul, if not seized, would have resulted in losses amounting to more than RM5 million for BSA member companies.

A total of 62 CD-ROMs [compact disk-read only memory], each containing up to 30 of the latest English and Chinese programs. [sentence as published]

Among the software seized were Lotus Development's 1-2-3, Microsoft Windows for Workgroups, Encarta, Home Fine Artist, Autodesk's Autocad Release 12 and Freelance Graphics for Windows.

BSA represents most US software manufacturers such as Autodesk, Microsoft, Novell, Lotus Development, Bently Systems among others.



### Singapore

#### Philippine Readiness To Normalize Ties Welcomed

*BK1907043795 Singapore Radio Corporation of Singapore in English 1000 GMT 18 Jul 95*

[FBIS Transcribed Text] Singapore's Foreign Ministry says it welcomes reports that Philippine President Fidel Ramos is ready to normalize ties with Singapore. An MFA [Ministry of Foreign Affairs] spokesman said it is a good sign that things are moving and this was a positive step forward.

President Ramos announced yesterday that relations will start to normalize now following an independent examination which upheld the findings of Singapore experts on the cause of death a Filipina maid, Delia Maga.

#### Role of Pacific Business Forum in APEC Viewed

*BK1907024895 Singapore BUSINESS TIMES in English 18 Jul 95*

[Article by Tokyo-based correspondent Anthony Rowley: "Pragmatism is best choice for Pacific Business Forum" — received via Internet]

[FBIS Transcribed Text] Businessmen appear to be firmly in the driving seat when it comes to deciding where the Asia-Pacific Economic Cooperation forum (APEC) should go, certainly compared with the European Union where Brussels bureaucrats and, increasingly, national legislatures decide the direction of policy.

However, the impression of business lobbies driving APEC rapidly toward trade and investment liberalisation may well prove to be illusory. It reflects a failure to grasp the political realities of economic integration and the limitations of the business vision when it comes to uniting peoples.

If APEC is viewed as an entity in itself (which it isn't really) rather than as a collection of countries, then the numerical representation of business interests appears to be large compared to that of bureaucrats, certainly much larger than is the case in the EU.

The Pacific Business Forum (PBF), set up last year at the behest of APEC heads to "facilitate" reform in trade, investment and other areas and to create "business networks" throughout the region, comprises two senior businessmen from each of the 18 APEC countries.

This 36-strong body outnumbers the APEC permanent secretariat, which employs just 26 people, not all professionals.

The predilection of APEC's largest (in economic terms) member, the United States, for small government and

for the primacy of the private sector is not unconnected with this disparity, though it must also be admitted that East Asia has never been particularly enamoured of large external bureaucracies.

Do the numbers imply that business leaders are in a position to call the shots and to instruct a small and compliant APEC secretariat to implement the reforms they suggest?

Hardly, though the confidence exuded by the PBF in drawing up rather sweeping agendas for reform points to an unjustified assumption of power on the part of businessmen.

Take, for example, the PBF's call for an APEC "business visa" — meaning that member governments should agree to grant virtually automatic short-term visas to visiting businessmen from other APEC countries. The assumption (presumption) behind this plan to create a privileged class of travelers is that business will be the driving force behind economic development and that businessmen therefore should be accorded special treatment.

It will surely be an administrative nightmare deciding who is or is not a "business" person and what constitutes business travel, even supposing that APEC governments are able to justify to their electorates the granting of such privileges to businessmen ahead of general visa-free travel.

In point of fact, the scheme is likely to founder at the hands of the national legislatures that will have to approve it or the national bureaucracies that will need to administer it. And therein lie the true limits of the APEC business lobby to decide policy.

Much the same thing will probably apply when it comes to how national governments deal with PBF calls for harmonising and standardising anything from customs laws to investment rules.

If the hope of APEC's architects is to sneak reforms into a culturally diverse and geographically huge entity via the backdoor, by presenting them as the legitimate demands of domestic business communities, that hope is likely to prove vain. It is no more possible to bypass national legislatures or bureaucracies in this way than it is for the EU to try and secure monetary union without first moving toward economic union.

The PBF is probably better off pursuing limited reforms that come firmly within the domain of business instead of venturing into areas that are rightly the within purview of elected representatives or even appointed officials. Good examples are the suggestions by countries as diverse as Japan and Indonesia for aiding the small



and medium-size enterprise (SME) sector, and for initiatives to develop human resources.

The East Asian business sector appears to be rather more pragmatic in its choice of priorities for the PBF than do those whose objective appears to be to force through trade and investment liberalisation willy nilly, to reduce the costs of doing business and generally to focus just on the bottom line. A (Japan-supported) PBF plan to secure public and private sector cooperation in the vital area of infrastructure provision bears the hallmarks of such pragmatism.

### Cambodia

#### Ing Huot Concerned About U.S.-PRC Tensions

BK1907062095 *Phnom Penh National Radio of Cambodia Network in Cambodian*  
1300 GMT 18 Jul 95

[FBIS Translated Text] His Excellency [H.E.] Ing Huot, minister of foreign affairs and international cooperation, has voiced concern over the current rough relations between the United States and China, both aid donors to Cambodia. He said that the tension between the two countries does not affect Cambodia, but we do not want to see the two engaging in conflict.

This week, a Chinese official announced two proposals to improve relations with the United States. H.E. Ing Huot said this is an bilateral affair between China and the United States and we should not intervene.

#### Soubert Views Party Congress; Expects Expulsion

BK1807160095 *Phnom Penh PHNOM PENH POST in English* 14-27 Jul 95 pp 1, 2

[Report by Matthew Grainger and Ker Munthit]

[FBIS Transcribed Text] The BLDP [Buddhist Liberal Democratic Party] party has fallen apart with the usurped faction claiming that "Cambodia is not ready for democracy" and wondering aloud what the United Nations intends to do about it.

Prime Minister Hun Sen supported Ieng Muli's bid for the BLDP leadership, which left Cambodia without effective opposition said Son Soubert, who was elected party vice president in May.

Muli himself, at a disputed parallel party congress he called on July 9, said: "We have to opt whether we have to stay in the opposition or within the government.

"I'm a minister in the government, so I cannot be in the opposition. Our party is... one of the partners in the government," said Muli, the present Minister of Information.

Soubert, his father, party founder Son Sann (presently in Paris recuperating from an eye operation), and MP's Keat Sokun, Kim Sokha, Pol Ham and Koy Chhoeun were all included in a vote of no confidence during Muli's congress.

Soubert was — at press time — awaiting the reaction of Funcinpec [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] leader Prince Norodom Ranariddh to claim that the congress was irregular and illegal and should not be legitimized.

Soubert said Hun Sen — "but maybe not the CPP [Cambodian People's Party] in totality" — has already recognized and supported Muli's leadership.

If Ranariddh accepted Muli as leader "despite the illegalities" then Soubert presently the Deputy Vice President of the National Assembly — said he fully expected to be expelled from Parliament along with his five colleagues who appear even now to be in the wilderness.

"We don't know the real position of Prince Ranariddh... maybe he maintains a grudge against us because we were outspoken in support of (former Siem Reap MP Sam) Rangsi," Soubert said.

"If Funcinpec recognizes Muli's congress then its political, there is no question about legality."

"Funcinpec have already created a precedent" with their expulsion of Rangsi, he said.

Expulsions would also be expected among BLDP provincial officials loyal to the Son Sann clique, Soubert said.

Muli said that if his rivals did not react positively to his congress' resolutions "they will be kicked out." He did not specify a date.

Soubert said he had asked for assistance from the UN Center for Human Rights (UNCHR) but they could not help as he could not provide them with an English translation of the party's internal procedures.

"How now will the international community react, especially the UN? They have spent so much money here for nothing," he said.

"Are the Paris Agreements still valid? There is supposed to be a democracy in Cambodia but this is not the way to democracy."

When Son Sann returned from France, "probably some time after July 17," he would be talking with the King, but all that could be probably hoped for was — as in Rangsi's case — the King might write an expression of support, Soubert said.



The Son Sann faction may also ask for a mass meeting "but I doubt we would be allowed," he said.

Soubert said he would test the government by asking the Ministry of Interior for his own party congress, probably in September. "(Co-Interior Ministers) Sar Kheng and Yu Hockri could not oppose us in principal, but they may argue that there is now just one BLDP."

His father has already told Son Soubert from Paris that Muli's move was not valid.

Funcinpec members as well as those from the CPF were present at Muli's congress — as were embassy representatives from, among others, the United States, which "saddened" Soubert.

He said he had previously told Ambassador Charles Twining his presence would legitimize the meeting "but Charlie just looked on and said nothing."

"Maybe they want to show they are friends to everyone."

A United States Embassy spokesman said that it was "sad but true" that, with an elected coalition government, there was no opposition within the National Assembly anyway.

The Embassy attended all major political meetings it was invited to "and we would attend, and have attended, one of the Son Sann's faction already," the spokesman said.

Muli said he would "kick out" party members if any of them defied his leadership, or used the party's name, sign and logo.

Soubert has already begun a public courting of Rangsi, telling the Post: "Of course (he could work with Rangsi), we have to gather all our forces together."

"No-one can afford to sit idle when this kind of dictatorial system is being set up."

He said "it would be nice" to be an opposition within the National Assembly however.

"We can set up an alliance but (the government) won't give us the right to set up a political party... but we don't know the electoral law yet."

Soubert said: "I am very distressed when I think back to all the people who have died for nothing." The precursor to the BLDP — the KPLNF (Khmer People's Liberation National Front) — fought side-by-side with Royalist forces against the State of Cambodia regime before the UNTAC (UN Transitional Authority in Cambodia) elections.

"I remember one military officer wounded in the field, telling his men to leave him and continue fighting to set up a democratic Cambodia. This man died there."

"I feel very distressed about these people... we have betrayed them. They fought for a democratic Cambodia, for freedom of speech and representation," he said. He said 47 BLDP people — and more than 100 from Funcinpec — died before the Cambodian elections.

Soubert said if he was expelled "I would be happy because I can not stay idle or not express my opinion" within the Assembly.

About 1,500 people turned up to Muli's congress, though some barely had a clue what it was about. Receipts for 6,000 riels were handed out at the door — though no money was taken — because people had to be paid-up party members before voting.

"I have no idea about this congress. They told me to come and they will pay me, but I have received nothing," said one 18-year-old, who asked not to be named.

Soubert also said that some officials used Son Sann's name to attract members, and that BLDP policemen were threatened with a demotion if they did not attend.

#### **Khmer Rouge on Ieng Muli, BLDP Dissolution**

*BK1907101795 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 18 Jul 95*

["Communique" by the spokesman of the Provisional Government of National Union and National Salvation on 18 July; place not given — read by announcer]

[FBIS Translated Text] I. A few days ago Ieng Muli, a U.S. puppet who has sold himself to communist Vietnam, came into the open to perform a farce about holding a concocted party congress in a bid to eliminate His Excellency Son Sann and dissolve the Buddhist Liberal Democratic Party [BLDP].

II. We do not wish to have anything to do with such an obnoxious, despicable traitor, and foreign stooge like this Ieng Muli. However, we need to denounce and expose the evil scheme of the communist Vietnamese and their two-headed lackeys. What they called party congress was in reality a theatrical act stage-managed by the communist Vietnamese in an attempt to liquidate the BLDP and eliminate anyone who refuses to be a communist Vietnamese lackey, anyone who opposes the communist Vietnamese war and calls for national reconciliation and peace. The communist Vietnamese and their puppets — namely, Hun Sen, Chea Sim, and Sar Kheng — organized this act and orchestrated this play while Ieng Muli merely performed as a clown who took the stage to execute some funny tricks.



III. As for Ieng Muli's new party, it is in name only. What support can it get? It is made up of a few scums like Ieng Muli and associates who have already been rejected and convicted as traitors by the Cambodian nation and people.

IV. The communist Vietnamese and their puppets have maintained a monopolistic and fascist control over all fields and sectors. The two-heads now consist entirely of pure communist Vietnamese and their puppets, their most subservient lackeys. The men of the Western alliance have all been eliminated. FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] has fizzled out and so has the BLDP. Where are the democratic rights and freedom? Where are the human rights? Will the alliance continue to brown nose the communist Vietnamese and to let the communist Vietnamese rip them off and squeeze money out from them? People are waiting for an answer.

V. The traitorous two-heads are broken up and find themselves in total agony in all fields and sectors. They are agonizing in the flames of national and social contradictions that they have created through their acts of extreme treason, betrayal, and corruption. In particular, they are collapsing and agonizing in the face of the struggle waged by our nation and people who are joining hands and dealing blows at them from all sides. The two-heads are certainly going to be obliterated before their due time. No theatrical act can save them.

18 July 1995;

[Signed] The Spokesman of the Provisional Government of National Union and National Salvation

#### **Khmer Rouge Deny Contact With Sam Rangsai**

BK1907071995 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 19 Jul 95

["Denial" issued by the spokesman of the Provisional Government of National Union and National Salvation on 18 July; place not given — read by announcer]

[FBIS Translated Text] I. There have been successive reports accusing Sam Rangsai of making contact with the resistance forces of Democratic Kampuchea. What is the aim of this accusation?

1. It is to get an excuse to kill [samlap] Sam Rangsai, his wife, and his colleagues.

2. This accusation is a "thief crying stop thief" act.

3. The enemies find themselves in total turmoil because they are defeated everywhere, in all sectors, and at all levels. They are locked up in total desperation inside

Phnom Penh, within their circles, in the two-headed government, and in the traitorous two-headed government. So, these beaten mad dogs' obsession is to bark at everybody, to bristle and seek endlessly to bite other people, clearly exposing to mass opinion at home and abroad the fascist nature of the communist Vietnamese and their despotic and monopolistic puppets.

II. Concerning Democratic Kampuchea's contact with other people, it can be said that Democratic Kampuchea has made contact with everybody throughout the country, in Phnom Penh as well as in the provinces, districts, communes, and villages. In Phnom Penh alone, Democratic Kampuchea has had contact with Ranariddh, Nhoek Bunchhai, Khan Savoeun, and so on. Truthfully, the latter have asked Democratic Kampuchea for rice and water. The like of Hun Sen, Chea Sim, Sok An, Cham Prasit, Ieng Muli, and Tie Banh, too, have also had contact with us. As for Sam Rangsai, he has never made any contact with Democratic Kampuchea. Why then do they drum up this issue? It is a pretext that the communist Vietnamese puppets have resorted to for ages and that the communist Vietnamese themselves have resorted to for ages.

III. Such a thief-crying-stop-thief type of deceptive propaganda can only further befoul the already badly foul faces of the communist Vietnamese and their puppets at a time when the masses both at home and abroad are burying them in the dirt to prevent their stench from permeating the air again.

18 July 1995;

[Signed] The Spokesman of the Provisional Government of National Union and National Salvation

### **Indonesia**

#### **Editorials Preview Meeting of Donor Countries**

BK1907071195

[FBIS Editorial Report] Two Indonesian-language dailies on 18 July publish editorials on the meeting of the Consultative Group on Indonesia [CGI] scheduled in Paris from 18 to 19 July.

In a 750-word editorial on page 4 headlined "The World Bank's Assessment Prior to the 1995 CGI Meeting Is Clear and Logical," Jakarta KOMPAS notes: "A number of parties focus their attention on the annual meeting of the CGI, the current group of donor countries, as they did on the annual meeting of the IGGI [Intergovernmental Group on Indonesia] in the past. The CGI will hold its fourth meeting."



According to the the World Bank, the Indonesian economy is facing three challenges to maintain its high growth:

"The first challenge is that the economy can overheat easily due to rapid growth. The second is for Indonesia to implement a solid macroeconomic policy and manage its foreign debts cautiously, and have a working framework to ensure that loans will be used efficiently and the debts will be repaid. The third is competitiveness in increasingly tighter markets."

KOMPAS considers the World Bank assessment clear and logical, and believes that the World Bank is committed fully to extending economic assistance to Indonesia.

KOMPAS finds the World Bank suggestions for Indonesia to meet the challenges to be interesting. The World Bank suggests that Indonesia increase its economic efficiency and distribute wealth more evenly to answer the challenges.

Reacting to the World Bank assessment, KOMPAS says: "As a sovereign nation, we have the right to reject World Bank suggestions, as we rejected its past criticisms of the development of the high technology-based economy.

"What the World Bank conveyed prior to the fourth CGI meeting, however, was highly relevant and clear as we are at a crucial point before the free trade and market era begins.

"We must manage our foreign debts very cautiously as they have reached \$100 billion. Efforts to enhance our competitiveness are normal for us because our nonoil and nongas products have been challenged further by those of our competitors.

"The key words for such efforts are efficiency, deregulation, and an even distribution of wealth."

KOMPAS continues: "We must think positively. These views should not be interpreted as an indication that we have not instituted good and clean government, but rather as an appeal to adjust to the situation in which we are truly facing challenges different from and more complicated than past ones."

KOMPAS concludes: "As a great nation, we must always constructively accept input and criticism and learn wisely from what other people say about us to ensure that we will survive, continue to make progress, and become superior in the international scene."

Jakarta SUARA KARYA has a 500-word editorial on page 5 headlined "Indonesia Is Facing Three Challenges," which urges Indonesians to respond realistically to the World Bank assessment.

"The World Bank report, the essence of which was mentioned above, should be accepted without hesitation. In other words, the report should serve as input for evaluating the cautious and careful management of foreign loans."

The editorial concludes: "Back to the World Bank report, we are in fact facing three challenges. Accordingly, Indonesia is required to enhance the soundness of its economic policy through a comprehensive deregulation package with two primary targets. On the one hand, the right of consumers to obtain highly competitive goods and services must be protected in line with a higher degree of economic efficiency and competitiveness. On the other hand, a comprehensive deregulation package will ensure wider opportunities for small- and medium-scale businessmen and this will in turn enable all of us to enjoy the fruits of development.

"Accordingly, we will be able to meet the challenges with our full power."

#### **Official Expects New Envoy in Canberra by Nov**

*BK1907100595 Jakarta SUARA KARYA  
in Indonesian 15 Jul 95 p 10*

[FBIS Translated Excerpt] Jakarta — There is no reason to prolong the vacancy of the Indonesian ambassadorial seat in Canberra because Australia is one of our close friends nowadays, said political observer Marzuki Darusman.

"How long the ambassadorial post will remain vacant depends on how we view the importance of our ties with Australia. I believe Australia is important to us," he said to ANTARA in Jakarta on Friday. "There is no doubt about the importance of our ties with Australia," he added. Marzuki, who is vice chairman of the National Commission on Human Rights, noted that Australia is at least as important as ASEAN member countries in view of its geographic proximity. In addition to this, there are other factors that make it necessary for Indonesia not to prolong the current situation. These include Australian Prime Minister Paul Keating's policies toward Indonesia, which are viewed as friendly and accommodating to Indonesia's interests.

"Therefore, we have no interest in prolonging this situation. We must not seek excuses to prolong the vacancy of this position. The current deadlock must be ended now," said the former member of parliament.

"I believe our government is objective and knows its priorities. I am optimistic that the issue will be resolved soon," he said.

If that is the case, when will the government nominate its new ambassador-designate? "I have no idea and have



not heard anything about it," said Marzuki. However, in view of the fact that Jakarta's diplomatic intimation of "dissatisfaction" was clear, the vacancy of the ambassadorial post is now irrelevant.

Although he did not specify an exact date, Marzuki believes that ties will return to normal and an Indonesian ambassador will assume its post in Canberra before the APEC [Asia Pacific Economic Cooperation] leaders' informal meeting in Osaka in November.

"At the coming APEC meeting, there will be practical needs to adopt a common stand. The United States and Australia certainly know Indonesia's needs," he said.

Diplomatic sources said the ambassadorial vacancy will last about four or five months only. In other words, a new Indonesian ambassador will certainly assume the post before President Suharto's visit to Australia in 1996. [passage omitted on background of vacation of post]

#### **Kyrgyz President Akayev Makes State Visit**

##### **Arrives 17 Jul**

*BK1807015095 Jakarta ANTARA in Indonesian  
1053 GMT 17 Jul 95*

[FBIS Translated Text] Jakarta, 17 Jul (ANTARA) — Kyrgyz President Askar Akayev, arrived in Jakarta on Monday for a three-day state visit at the invitation of President Suharto.

Upon their arrival, President Akayev and his wife Madame Mairam were greeted by President and Madame Tien Suharto, and Vice President and Madame Tuti Sutrisno.

Later, Suharto led his guests to the Jepara room for friendly conversation.

The two leaders will hold a private meeting on Tuesday morning, to discuss efforts to improve bilateral economic ties and trade.

Suharto and Akayev are expected to sign a joint communique on the principles of relations and cooperation between Indonesia and Kyrgyztan.

In the evening Suharto will host a state banquet in honor of his guests.

Akayev will leave for Bandung on Wednesday morning for visits to the National Aircraft Industry, IPTN, and the Afro-Asian Conference Museum. Akayev will return to Jakarta to continue his journey to Kuala Lumpur.

#### **Minister Comments on Visit**

*BK1807015395 Jakarta Radio Republik Indonesia  
Network in Indonesian 1200 GMT 17 Jul 95*

[FBIS Translated Excerpt] Kyrgyz President Askar Akayev has said he is impressed by the progress of development in Indonesia and has expressed his respect for Indonesia's role as chairman of the Nonaligned Movement, NAM, which provides the impetus for development in Third World countries.

Minister/State Secretary Mardiono said this to journalists after accompanying President Suharto in escorting his guests to the State Guest House in Jakarta this afternoon. According to Minister Mardiono, President Akayev said his attention has been focused on Indonesia, especially President Suharto, since the beginning of 1966 when Suharto became the country's leader:

[Begin Mardiono recording] President Akayev will make the best use of his visit to Indonesia to exchange ideas with President Suharto; take a close look at our development; and experience our traditions and culture, which he considers well preserved. He says his private meeting with President Suharto slated for tomorrow will be a significant experience in his life.

President Suharto has said he is always free to answer questions from President Akayev while he is a state guest. Suharto said that we gained much experience in implementing our development program — experience both in success and in failure. We are willing to share our experiences with Kyrgyztan and other countries. In this way, our successes can boost development in the country concerned. By the same token, our failures can be a lesson to other countries so they will not make the same mistakes we did and pay a high price for them. [end recording]

Kyrgyz President Askar Akayev and Madam Mairam arrived in Jakarta this afternoon. [passage omitted]

#### **Suharto, Akayev Hold Talks**

*BK1907031195 Jakarta Radio Republik Indonesia  
Network in Indonesian 0700 GMT 18 Jul 95*

[FBIS Translated Text] Kyrgyztan has expressed a wish to learn from Indonesia on the way to create unity in diversity within a country. Kyrgyz President Askar Akayev said this during a private meeting with President Suharto at the Merdeka Presidential Palace in Jakarta today.

On the occasion the two sides agreed to step up exchanges of visits between officials and businessmen of the two countries.



President Suharto has briefed his guest on Indonesia's political and economic development strategies from the planning stage until now.

Apart from the meeting between the two leaders, parallel ministerial-level meetings were also held between the respective foreign ministers and economic officials of the two countries.

Minister/State Secretary Murdiono, who briefed newsmen on the private meeting between the two leaders, told journalists that the talks were bilateral.

#### **Bilateral Accords Signed**

*BK1907033395 Jakarta ANTARA in Indonesian  
0809 GMT 18 Jul 95*

[FBIS Translated Excerpt] Jakarta, 18 Jul (ANTARA) — Indonesia and Kyrgyzstan today signed an investment promotion and protection agreement aimed at promoting mutual cooperation in the fields of trade and economy.

Foreign Minister Ali Alatas and Kyrgyz Finance Minister Kemelbek Kasymkulovich Nanayev signed the agreement at Merdeka Presidential Palace in Jakarta. It was witnessed by President Suharto and Kyrgyz President Askar Akayev.

Prior to this, Ali Alatas and Kyrgyz Foreign Minister Madame Rosa Isakovna Otunbayeva signed agreements on air transport and tourism.

Before the ministers signed the several economic cooperation agreements, President Suharto and President Akayev had signed a joint communique on the principles of relations and cooperation between Indonesia and Kyrgyzstan. [passage omitted]

#### **Suharto Hosts Banquet 18 Jul**

*BK1907093095 Jakarta ANTARA in Indonesian  
1706 GMT 18 Jul 95*

[FBIS Translated Text] Jakarta, 18 Jul (ANTARA) — President Suharto says that while Indonesia is ready to share its experiences with the Kyrgyz people, its ability to extend economic assistance is still limited.

"We have considered giving aid in the form of consultants with cooperation from a third party that will provide the funds," said President Suharto when he hosted a banquet for visiting Kyrgyz President Askar Akayev at the State Palace on Tuesday night.

The World Bank has asked Indonesia to provide a leading economist as consultant for economic reconstruction to the Central Asian country. President Suharto said Indonesia believes the burden and responsibility of a country's economic development rest on the country's own shoulders. "However, experience also shows that coop-

eration with other countries has provided a great deal of benefits to our country," said the president at the banquet, which was also attended by Mrs. Tien Suharto and the vice president and Mrs. Try Sutrisno.

Commenting on bilateral ties, the head of state hoped that the signing of several cooperation agreements on Tuesday morning will boost ties.

"The private sector has started exploring trade relations and this will further enhance cordial friendship and cooperation between the two countries," said President Suharto.

The head of state also noted Indonesia's great interest in monitoring the political and economic reforms in Kyrgyzstan aimed at enhancing public welfare.

The Kyrgyz president is scheduled to visit the Nusantara Aviation Industries and the Asian-African Conference Museum in Bandung on Wednesday morning. In the afternoon, he will return to Jakarta and continue on his journey to Kuala Lumpur.

### **Laos**

#### **Prime Minister Congratulates Thai Counterpart**

*BK1907084395 Vientiane Vitthayou Hengsat Radio  
Network in Lao 0000 GMT 19 Jul 95*

[Message of congratulations from His Excellency Prime Minister Khamtai Siphandon to His Excellency Banhan Sinlapa-acha, 21st prime minister of the Kingdom of Thailand — dated 18 July 1995]

[FBIS Translated Text] On your appointment as prime minister of the Kingdom of Thailand, on behalf of our Government and people, I would like to extend my warm congratulations and best wishes to you, your excellency. May your excellency have good health and attain success in carrying out your honorable and esteemed duties.

I absolutely hope that the Government of the Kingdom of Thailand under your leadership will contribute to further strengthening the already admirably developed brotherly ties, friendship, and cooperation between the two countries so that they will bear more fruit in the interests of the Lao and Thai people and for peace, stability, and cooperation in this region and the world.

#### **Joint Cooperation Talks With Cambodia Reviewed**

*BK1907075095 Vientiane Vitthayou Hengsat Radio  
Network in Lao 0000 GMT 18 Jul 95*

[FBIS Translated Text] Somsavat Lengsavat, foreign affairs minister and chairman of the Lao-Cambodian cooperation joint commission, returned to Vientiane



yesterday afternoon after attending the second meeting of the two joint commissions in Phnom Penh from 12 to 17 July.

Speaking upon arriving in Vientiane, the foreign affairs minister said that the second meeting was divided into two parts. The first part concerning technical aspects was held on 12 and 13 July; the second held on 14 July was a plenum between the Lao-Cambodian and Cambodian-Lao cooperation joint commissions.

During the meeting, three agreements were signed by the two sides, namely the agreement on border regulations, the agreement on tourism cooperation, and the memorandum of the second meeting of the cooperation joint commissions between the two countries.

Leading the Lao side at the meeting was Somsavat Lengsavat, foreign affairs minister and chairman of the Lao-Cambodian cooperation joint commission; and the Cambodian side by Ing Huot, minister of foreign affairs and international cooperation and chairman of the Cambodian-Lao cooperation joint commission.

At the meeting, the two sides expressed satisfaction with the progress of cooperation between the two countries. For example in the political field, the two sides have regularly held consultations and exchanged visits with each other both at the central and local levels, including a recent state visit to the Kingdom of Cambodia by President Nouhak Phoumsavan. The two sides agreed that the said state visit was extremely successful and allowed the heads of the two states to develop and express profound mutual understanding toward each other.

The meeting of the two commissions also discussed the realization of the outcome of talks reached by the two heads of state during their consultations.

In the economic field, the two sides discussed and exchanged views on electricity supply and the setting up of an electricity supply network between the border areas of the two countries.

In addition, the two sides also discussed telecommunications work. For example, the two countries agreed to build and repair Route 13-South from Pakse to the Cambodian border and to continue cooperation in transport, postal, and telecommunications services between the capitals of the two countries. The two sides agreed to convene a joint border meeting between the two countries in September 1995 to discuss various details leading to the planting of border demarcation stakes between the two countries.

The two countries expressed an identical desire in rendering fraternal cooperation and assistance to each

other. The Cambodian side reaffirmed its desire to allow Laos to use the Sihanouk seaport. They also discussed and exchanged views on education, cultural, sports, and other related matters.

Before concluding the visit to the King of Cambodia, the Lao delegation headed by Somsavat Lengsavat paid a courtesy call on Krompreah Norodom Ranariddh, first prime minister of the Kingdom of Cambodia. The call was cordially held under an atmosphere of fraternal friendship and understanding.

## Thailand

### New EU Tariff Adjustment Scheme Assessed

BK1907042995 Bangkok BANGKOK POST  
in English 18 Jul 95 pp 15, 26

[Report by Chirathat Niwatphumin and Somphon Thapanachai]

[FBIS Transcribed Text] A new Generalised Scheme of Preferences [GSP] to be adopted by the European Union will cause preferential tariffs on six Thai product categories to be halved from January 1, 1997.

Preferential tariffs will be reduced by 50 percent for plastics and rubber goods, leather products, clothing, footwear, jewellery and precious metals, and miscellaneous products.

GSP benefits are then to be completely withdrawn in 1998, representatives of the EU told a seminar jointly sponsored by the economic community and the Commerce Ministry.

"GSP was never conceived as an instrument for ever. GSP would come to an end when its objective was fulfilled, namely industrial development," said Francois Nizery, head of the GSP Unit, Directorate-General for External Economic Relations.

The EU revamped GSP at the start of this year to better reflect changes in the global trading environment. The new arrangement, which covers only industrial products, implements two systems for GSP — one for tariff adjustments and the other a graduation system for tariff levels.

The tariff adjustment mechanism divides industrial products into four categories. Nonsensitive products such as various chemicals and paper products are duty-free. Semisensitive products such as certain ceramic products are taxed at 35 percent of the Common Customs Tariff [CCT] duty, or 2.1 percent of the product cost.

Sensitive goods such as certain electronic appliances are subject to a 4.9 percent duty, 70 percent of the CCT,



while very sensitive goods, such as textiles, are now subject to a 7.6 percent tariff, 85 percent of the CCT.

Wirachai Nopsuwanwong, Thai commercial counsellor to Brussels, said more than 50 percent of Thai exports to the EU under the old GSP scheme were now classified on the very sensitive list.

Sensitivity is determined by the likely impact of imported goods on domestic production and politics.

The mechanism on tariff levels replaces the previous scheme that granted zero tariffs and had quota and ceiling limitations on the amount of goods able to be exported to the EU. The new system bases GSP benefits on the relative industrial development of each product sector.

Mr Nizery denied the new scheme reducing preferences was due to decreased competitiveness of European industries, saying the system was redesigned to give increased advantage to countries most in need.

A Thai source said, however, the tariff adjustment mechanism's scale was motivated mainly by the potential impact on domestic industries in EU member states.

In addition, the new scheme is active for four years, as opposed to the old system which was reviewed annually. A special incentive system has been established which benefits countries meeting certain environmental and social requirements.

Traditionally, GSP was used as a one-sided policy instrument to encourage the industrialisation of developing countries. Often, such countries could not benefit from trade mechanisms such as the General Agreement on Tariffs and Trade, which depend on multilateral agreements on market concessions. Thus, the programme acted as an alternative trade instrument.

The EU now believes that developing countries better understand the potential benefits of trade liberalisation and trade mechanisms such as the World Trade Organisation, GATT's successor. Therefore the EU sees GSP as complementary to those multilateral trade systems.

"It's clear we have to reconsider the objectives of GSP in order to re-balance the benefits to countries which need more assistance," Mr Nizery said.

Thailand was partly industrialised and, as a result, subject to the new graduation system.

He emphasised that for certain sectors Thailand would continue to enjoy GSP benefits and noted that the country was poised to have a competitive advantage over other countries in the region such as Hong Kong, South Korea and Singapore. These three countries, which registered gross domestic products topping US\$6,000 in

1991, have already experienced a 50 percent loss of GSP benefits since April and are due for complete withdrawal of these incentives from January 1, 1997.

Mr Nizery said the new GSP agricultural programme, to be introduced next year, would be effective for three years and be similar to the industrial scheme. Products would also be classified on the basis of sensitivity to the European agricultural sector.

Oranut Osathanon, director-general of the Department of Foreign Trade, said recent developments in global trade made it necessary for exporters and government officials to understand the consequences on Thailand.

"There have been dramatic changes in economic situations around the world, among which are the conclusion of the Uruguay Round (under GATT) and the establishment of the World Trade Organisation [WTO]."

She said it was important for Thai exporters to improve the quality of their products to a competitive level and not to rely too much on GSP as the benefits were only temporary.

Further development of cooperation between Thailand and the EU, for both the public and private sectors, is a goal for the trade community, according to Daniel Descoutures, counsellor with its delegation to Thailand.

He said the EU was determined to press for the full opening of markets, as well as for the protection for intellectual property rights and the enforcement of standards.

He said the EU was the third largest market for Thai goods in 1994, representing 15 percent of total Thai exports. Imports from the EU that year were second largest, at 13.7 percent, or worth about 13 billion baht. In 1993, the EU was the third largest investor in Thailand, with about 15 percent of the total.

Mr Descoutures called on Thailand to support the WTO as a means of furthering development of global trade and investment.

Mrs Oranut said the recent decision by the United States to levy anti-dumping duty on Thai exports of canned pineapple would be difficult to review or change, because the committee considering the issue voted 6-0 in favour of the measure.

She said the exact duty on Thai canned pineapple would depend on the company involved, but that the sector as a whole would be subject to an increase in levies of up to 22 percent.

The Commerce Ministry is likely to submit a report to the US State Department about the effects the US



action will have on pineapple growers and the overall Thai economy.

Mrs Oranut said it was a positive sign that the US had reopened diplomatic relations with Vietnam. It demonstrated a belief in the potential and stability of the Vietnamese Government and economy and was a welcome development considering Vietnam's imminent membership of ASEAN.

#### **Foreign Minister Comments on Thanong Extradition**

*BK1907032795 Bangkok BANGKOK POST  
in English 19 Jul 95 p 3*

[FBIS Transcribed Text] Newly-appointed Foreign Minister Kasemsamoson Kasemsi has vowed not to interfere in the extradition of former Chat Thai MP for Nakhon Phanom Thanong Siriprichaphong to the US to stand trial on charges of marijuana smuggling.

The Criminal Court on Monday ordered Mr Thanong to be extradited to the US as he was charged there with importing over 49 tons of marijuana from 1973 to 1987.

The case had already been handled by the last government and the court's order required obedience, M.R. Kasemsamoson said.

However, Mr Thanong can still lodge an appeal over the verdict with a higher court, he said.

Asked to comment on Prime Minister Banhan Sinlapacha's plan to set up a committee to seek information related to the US drug allegations against other Thai politicians, M.R. Kasemsamoson said that the accused had the right to defend themselves.

The minister said his first job in office was to represent Thailand in the annual meeting of ASEAN foreign ministers in Brunei later this month.

M.R. Kasemsamoson said he needed a little time to prepare himself for speeches at the meeting because he has not participated in a forum for a long time.

He said he would also review Thailand's policies towards Cambodia and Burma to see why border problems with these countries have not yet been solved.

Commenting on why some Nam Thai Party MPs had criticised his nomination, M.R. Kasemsamoson, who failed to get elected said Nam Thai Party leader Amnuai Wirawan had already explained this to all party members.

The Nam Thai leader said that Prime Minister Banhan had specified the choice of foreign minister, M.R. Kasemsamoson said.

Mr Amnuai maintained yesterday most of his party members had not objected to his decision appointing M.R. Kasemsamoson as foreign minister.

Mr Amnuai said Nam Thai members have trusted him in selecting M.R. Kasemsamoson to assume the Foreign Ministry portfolio. The members have also said they would leave Mr Amnuai to decide who was suitable to take up cabinet posts under the party's quota.

His comment was in response to a report about the distribution of leaflets attacking M.R. Kasemsamoson over his appointment. The Nam Thai leader said it was difficult to work out a list of ministers which would please everyone.

Some party members who oppose the appointment should heed the voice of the majority who support M.R. Kasemsamoson, the party leader said. It was high time the row over the matter is settled.

Mr Amnuai said he paid no attention to the leaflets, adding that M.R. Kasemsamoson was fully qualified to handle foreign affairs.

The party members understand that there must be space for compromise because it is impossible for everyone to be given a position in the Government, he said.

Party secretary-general Col Winai Somphong said the last party meeting resolved to give Mr Amnuai full authority to choose the members to fill the party's ministerial posts.

#### **Narong 'Ready' To Assume Interior Minister Post**

*BK1907041495 Bangkok BANGKOK POST  
in English 19 Jul 95 p 3*

[FBIS Transcribed Text] The Thoet Thai faction will not create any problems for the Chat Thai Party, faction leader Narong Wongwan said yesterday after the royal appointment of the new Cabinet.

He denied the report that the Thoet Thai faction had bargained for a portfolio and was at odds with the party over the Cabinet line-up.

"It took a long time to establish the new Cabinet so others might assume that there had been conflicts," Mr Narong said.

The Thoet Thai faction had never opposed Chat Thai Party on the issue of ministerial positions, he said, adding it totally supported the party's resolutions.

Premier and Chat Thai Party leader Banhan Sinlapacha was fair to assign Interior affairs to the Thoet Thai group, Mr Narong said.



"I'm confident that Khun Banhan will perform his duty well although he holds two portfolios (of Premier and Interior Minister) because he has many deputies (at the ministry)," Mr Narong said.

Mr Narong said he is ready to become Interior Minister after clearing up allegations he was involved in drug trafficking.

NEW YORK NEWSDAY reported that the US Central Intelligence Agency's allegations about Mr Narong had been based on false information.

Mr Narong said a reporter of the paper who he had never before met had interviewed him by telephone.

The accusations would soon be clarified, Mr Narong noted.

Many other Thai people had also faced similar accusations, some of which were groundless, he said.

#### **New Foreign Minister's Credentials Viewed**

BK1907034995 Bangkok BANGKOK POST  
in English 19 Jul 95 p 5

[Report by the Foreign Desk]

[FBIS Transcribed Text] For the first time in two decades, Thailand is to be without a deputy foreign minister after Prime Minister Banhan Sinlapa-acha decided to allow seasoned diplomat M.R. Kasemsamoson Kasemsamosonsi to assume the foreign affairs portfolio alone.

Despite M.R. Kasemsamoson's track record over three decades in the Thai foreign service before retiring as permanent secretary, Bangkok-based diplomats have expressed surprise over the absence of any deputy foreign ministers.

During the Chuan Likphai government, Thailand changed foreign ministers three times, but the work flow and Thailand's international standing were not affected given the steady hand of Deputy Foreign Minister Surin Phitsuwan.

Dr Surin, a Harvard-educated academic turned politician, was widely seen as a link between the Foreign Ministry and Prime Minister's Office.

Even though he lost in the July 2 election, M.R. Kasemsamoson was chosen by the Nam Thai Party to fill the post of foreign minister on behalf of the party. This opened the way for critics to question the meaning of elections if a candidate can be rejected by voters and yet still be appointed a minister.

M.R. Kasemsamoson has crossed the line from the bureaucratic side that shaped his career and outlook to

the political side, something he struggled with during his time as a civil servant.

Citing the deep factionalism during his period as permanent secretary under Foreign Minister Sitti Sawet-sila some critics question whether M.R. Kasemsamoson in his new capacity might "re- instigate" factionalism among civil servants and reopen old wounds.

They also note that there is a difference between being a career diplomat and a foreign minister in that the latter must show initiative and be well-versed not only in political but also economic issues.

"I wonder what new dimension he can bring to the Foreign Ministry. Times have changed and he belongs to the Cold War era," said one official.

Thailand is at a crucial juncture in its foreign policy, having still to position itself effectively among its immediate neighbours and the region.

In the months to come, Thailand will play host to two key meetings — the Association of Southeast Asian Nations leaders summit and the first ever Asian-European Summit early next year.

The Foreign Minister is also to lead Thailand's delegation at a meeting of the Asia Pacific Economic Cooperation forum in Osaka where trade liberalisation and facilitation top the agenda.

Nam Thai Party leader Amnuai Wirawan can lend solid support on what is seen as M.R. Kasemsamoson's weakness — the handling of international economic issues.

Most Foreign Ministry bureaucrats have welcomed the appointment of M.R. Kasemsamoson since he knows the place and the system like the back of his hand.

"He can help enhance the international image of Prime Minister Banhan," said one official.

Among the candidates from the seven party coalition government, M.R. Kasemsamoson is the best man this administration could have picked for the post.

Since Mr Banhan is not known for his flair in diplomacy or foreign affairs, there have been talks about the possibility of setting up a foreign affairs advisory team similar to that during Prime Minister Chatchai Chunhawan's administration.

At that time, Gen Chatchai's advisers, dubbed the "Ban Phitsanulok camp", had different views on ways to conduct Thailand's foreign relations, especially the Foreign Ministry's policy on Cambodia.



As a result, Thailand was following what many observers called a "dual-track foreign policy" — one generated from the Foreign Ministry and the other from Ban Phitsanulok, and the two tracks often contradicted one another.

Thammasat University political scientist Chulachip Chinwanno said Mr Banhan should be aware of the limitations of the advisory role and the variety of opinions from different sources whether or not a "Ban Pitsanulok" structure is reinstated.

"What happened in the past between 'Ban Pitsanulok' and the Foreign Ministry should be taken as a lesson," he warned.

The new administration will make its policy statement soon. The challenges for Thailand's foreign relations are clear and his past experience is certainly an asset for M.R. Kasemsamoson, but this "old hand" has a tough job ahead.

#### Article Discusses Reaction to New Cabinet Lineup

BK1907040695 Bangkok THE NATION in English  
19 Jul 95 pp A1, A2

[FBIS Transcribed Text] Prime Minister Banhan Sinlapa-acha yesterday assumed the interior portfolio and unveiled his Cabinet line-up that surprisingly included his personal adviser Surakiat Sathianthai as finance minister and immediately was lambasted by critics.

His Majesty the King gave royal approval to the new Cabinet line-up in which the Chat Thai Party took full control of the Finance Ministry.

Chat Thai MPs [members of parliament] Newin Chitchop and Praphat Phosuthon were appointed deputy finance ministers.

The stock market fell 24.37 points at the close, prior to the official announcement later in the evening.

The fall was seen by analysts as an expression of disappointment over the new Cabinet, after unprecedented infighting over the past two-and-a-half weeks for ministerial posts among MPs in most of the seven-party coalition parties.

"I'm disappointed," said Kroekkiat Phiphatseritham, rector of the University of the Chamber of Commerce. "Banhan obviously did not give priority to individual qualifications. The Cabinet formation was influenced by factional struggle. This will affect national stability and undermine investors' confidence."

Banhan also took up the demanding Interior Ministry portfolio, in a balancing act designed to settle a dispute

between two senior members of his party, who represent two different factions.

In his first formal statement as finance minister, Surakiat called for public confidence.

"We will adhere to maintaining the stability of the economy, fiscal discipline and policy transparency... I can work with the two deputies," he said.

Surakiat said Banhan had agreed to give him a free hand. "We agreed that I could work independently, according to principle, and not in favour of the party nor anyone... Yes it is a tough job," he added.

Banhan defended the appointment of Surakiat, 37, a non-MP who is dean of Chulalongkon University's Faculty of Law.

"There have been many opinions. Some said a banker would not be suitable while others argued that we should pick a local and international economics expert.

"But even I, who am not a professional, was finance-minister in 1990. I was able to perform with the cooperation of the ministry's officials," Banhan said.

"I believe he will do well. He is young and energetic," Banhan said of the Harvard graduate in international trade law.

Banhan said his government considered fiscal and budgetary reform as second in importance, following political reform. He previously had repeated that the finance minister under his government would be an outsider.

But many other academics shared Kroekkiat's view. "Absolutely we can't be optimistic with this government," said Sangsit Phiriyarangsarn, chief of the Faculty of Economics' politico-economy centre, Chulalongkon University.

"Many wrong men in the wrong places," said Amon Raksasat, a leading political scientist of the National Institute of Development Administration.

According to many Chat Thai Party sources, other nominations were put forward to the prime minister, including prominent bankers and the director of the Budget Bureau. But Banhan hand-picked Surakiat at the last moment.

The prime minister was unperturbed by the share price fall yesterday, saying that the share index would eventually go back up.

Surakiat said the Stock Exchange of Thailand (SET) movement yesterday was in a "natural direction".



Banhan said it was not abnormal for one party to take complete control of a ministry, although this was the first time it had happened with the Finance Ministry.

Newin, the outspoken Buriram MP, immediately boasted that Surakiat did not have much experience in fiscal affairs and that he would have to help out.

Surakiat said was not without experience, as he was a member of the team which had drafted the value added tax (VAT) law and had worked with the Bank of Thailand on the inflation issue.

He said he would aim to boost Thailand's competitiveness within the Asean Free Trade Area (Afta) and the Asia Pacific Economic Cooperation (Apec), speed up financial liberalization, and help lower the cost of doing business through lower taxation.

Sources said Surakiat is expected to be able to work well with central bank governor Pichit Suphinit on inflation-related issues, which the Bank of Thailand is in charge of.

Surakiat will be flanked by a team of advisers from academic institutions and the Bank of Thailand.

Dr Suphat Suphachalasai, an economist at Thammasat University and one of Banhan's key advisers, said he was ready to work full time to help Surakiat and to help coordinate budget issues with the prime minister.

"We want to emphasize fiscal decentralization," Suphat said.

Finance Ministry officials said in separate interviews that they could accept Surakiat at a certain level but that political interference is likely to prevail given his lack of experience and knowledge in fiscal affairs.

Bankers reacted to Surakiat's appointment with caution. One of them noted that the new finance minister may be acceptable internationally, but only in the legal field.

They indicated that he might have problems working with his two deputies.

They said the new government had already been plagued by outright hostile infighting among MPs hungry for ministerial posts, which showed that they placed self and vested interests before the national interest.

Sasithon Withayarangsan, senior vice president of Morgan Grenfell Securities Co, said the new Cabinet was a disappointment. Investors do not believe that the new finance minister has sufficient experience, she said.

But she said foreign investors did not express much reaction. "From the conversations I have had with foreign investors, they will come in if the stock market falls."

"Tomorrow (today) the market is likely to fall," she said.

Chettha Mimangkhang, vice president at Prime Finance and Securities Co, echoed the view that the exchange would fall again today.

Investors will be worried about the new Cabinet's ability to solve the country's widening current account deficit, capital inflow and inflation. Foreign investors have switched from speculative stocks into fundamental stocks, he said.

An analyst from Credit Lyonnais said most of the negative reaction would come from local investors, while foreign investors would wait and see how the new government does. There are many supporting factors besides politics, he said.

#### **Dailies Disappointed With New Cabinet Lineup** **BK1907135195**

[FBIS Editorial Report] Three Bangkok vernacular dailies — SIAM POST, NAEON, and KRUNGTHEP THURAKIT — on 19 July carry editorials and a commentary on the instabilities of the new cabinet of Prime Minister Banhan Sinlapa-acha.

SIAM POST's 400-word editorial, on page 4, entitled: "Black Democracy," praises the quick formation of the new cabinet only 16 days after the general election, noting: "The new cabinet is expected to present its policy statement to the National Assembly in the next few days, but the previous bickering among the coalition parties over the portfolio distribution has adversely affected its credibility and popularity."

Admitting that the Chat Thai Party has the people's mandate to form a new coalition to administer the country, the editorial points out that "the seven parties in the new coalition are weak and rather disunited because they are not really satisfied with the distribution of portfolios. Meanwhile, the opposition bloc is closely monitoring such developments."

"The alliance of seven coalition parties, namely, Chat Thai, New Aspiration, Social Action, Phalang Tham, Prachakon Thai, Muan Chon, and Nam Thai is very fragile. They are not well disciplined nor easily coordinated. Therefore, it is unlikely that they will be able to cling together for a long time. There can be a cabinet reshuffle or even the dissolution of the House at any moment."

The editorial concludes by saying: "Suffice it to say that it is almost impossible for any coalition government that comprises more than two parties to work effectively under the parliamentary system, function efficiently, or enjoy the smooth functioning of its cabinet unless the



parties in the coalition profess a similar morality and place the interests of the country above everything."

NAEO NA's 450-word editorial, on page 3, entitled: "Ambiguous Appointment," says: "Whether or not the new cabinet lineup has been announced, the appointment of cabinet members will be rather ambiguous in the eyes of the people. The prime minister as well as leaders of all parties in the coalition have encountered numerous difficulties in selecting suitable nominees for ministerial posts. Rivalry over portfolios, particularly within the Chat Thai Party, has been very strong."

"It is obvious that the selection of nominees for ministerial posts in the government of Prime Minister Banhan Sinlapa-acha is based on nepotism. Even the prime minister himself must rely on support from other people. Therefore, other generally accepted qualifications such as educational backgrounds and experiences are not listed in the criteria for the appointment of new cabinet members."

The editorial points out that besides the prime minister, leaders of the New Aspiration and Nam Thai Parties "are also having a big headache" because their choices of qualified nominees are not accepted by the leading figures of their parties. "They will be nervous for some time since unhappy party members might set up their own pressure groups or even stop supporting the parties."

"It is a matter of grave concern that the uncertain appointment of cabinet members this time might shorten the life of the new government."

KRUNGTHERP THURAKIT's 400-word column, on pages 1 and 6, entitled: "The Nightmare That Turns Into Reality," says: "We cannot tell whether the people are happy or unhappy with the new cabinet lineup of the Government of Prime Minister Banhan Sinlapa-acha. As for us, we are very disappointed. The qualifications of the ministers under the quota of the Chat Thai Party are rather 'ugly' in view of the responsibilities they are supposed to shoulder in running the country and do not match the promise made by Banhan during the election campaign that 'we will not disappoint the people' at all."

"We are disappointed with Banhan's decision to concurrently serve as interior minister. He refused to listen to any criticism and suggestions in this connection. He knows very well that the task of the national leader is enormous. How can he effectively serve two positions?"

Noting that more qualified persons should have been put to work for the country, the column says: "We are disappointed with the appointment of several ministers, in particularly those in charge of the Finance Ministry. The new finance minister and his deputies do not have

any experience in financial management at all. Some ministers have not yet cleared their bad records. As an adverse consequence, they will be mistrusted by both the Thai and foreign private sectors. It is clear that Banhan has placed more importance on his colleagues and position as leader of the country than the interests of the country and people.

"If Banhan and the coalition parties insist that the new cabinet, Banhan-1 cabinet, is something that 'has not disappointed the people,' it is then a nightmare that has turned into reality." NNNN

#### **Editorial Sees No 'Euphoria' in Banhan Cabinet**

BK1907084995 Bangkok THE NATION in English  
19 Jul 95 p A 8

[Editorial: "Banhan's Cabinet: So Where Is the Euphoria?"]

[FBIS Transcribed Text] The Cabinet of Prime Minister Banhan Sinlapa-acha was finally formed today, 16 days after the July 2 general election. Unlike the formation of the previous Chuan Likphai Cabinet, the euphoria this time is notably absent.

Instead, many Thais are predicting the fall of the Chat Thai-led coalition within six months. Academics and political analysts have put forward that the diverse coalition may not last long because of possible widening of political differences both between and within the parties.

The Banhan's so-called "Dream Team" lacks the professionals and technocrats to portray the image of a clean, efficient and trustworthy administration. With the old faces back, there is pessimism. There's nothing to hope for in terms of the betterment of the living standards of Thais.

Though there might be a boost in the economy because of Chat Thai's laissez-faire policies, many economists, however, have injected a note of caution. They warn that Thailand's economy at this stage cannot afford to be overheated because it would affect prices tremendously, thus fuelling high inflation and causing hardship to people in the provinces.

#### **'Vicious Cycle'**

The common trait in Thai society is that during good times, many tend to criticize and complain without offering any alternatives. This was clearly evident during the Anan II and Chuan administrations. When Thai politics goes back to square one, with the overwhelming possibility of the "vicious cycle" rearing its ugly head again, these same critics would reminisce of the days when the government was at least respectable.



In view of such emerging trends in Thai politics, the pro-democracy groups need to have a definite focus in consolidating democracy in the country. They were the ones responsible for ushering in the Chuan administration in September, 1992 and, ironically, they were also responsible for the House dissolution in June and the calling of new elections. The Chuan Likphai that the pro-democracy groups hailed in 1992 became their enemy in 1995. So, where is this leading the country?

To be harsh, the clock has been set backwards for Thai democracy with the reemergence of the old-style politicians. Instigating Chalot Worachit to stage a hunger strike in front Parliament will get the country nowhere if proper alternatives are not in place.

If we can pat our backs and console ourselves that democratic principles work in the country compared to our neighbours every time an election is called, then it would serve us some good if we were to seriously consider Poll Watch's findings. The polls watchdog body clearly stated that the July 2 election saw vote-buying at an alarming level. If we maintain that the poll was free and fair, then it's high time we think twice.

#### A Vocation

We need competent people to run the country and family members brought into the Cabinet by politicians, just to fill in their party quotas, certainly do not fit in this bill. Administering the nation is a vocation and not a sundry shop-like business.

The next few months would prove crucial to the country's international reputation, with Thailand attending the forthcoming Asean Ministers' Meeting in Brunei and later hosting the Asean Summit at the end of the year. The regional grouping is moving towards new horizons with the co-opting of Vietnam as Asean's seventh partner. Thailand will be expected to play a more dynamic role in the new expanded Asean, and towards this end the country's policies have to incorporate the emerging realities in the region.

Because of this, Thailand cannot afford to be inward-looking. The country needs leaders with a vision for the country in the 21st century, not ones who are willing to form unholy alliances with dark forces and dubious characters, just to bleed the country dry.

If the old-style politicians in the Chat Thai-led coalition are serious in wanting to redeem themselves in the eyes of the public, now is the time to do so. Should they fail, the current dismay could give rise to widespread public resentment.

## Vietnam

### Radio Views U.S. Decision To Normalize Ties

BK1907131995 Hanoi Voice of Vietnam in English  
1000 GMT 19 Jul 95

[Station commentary]

[FBIS Transcribed Text] While President Clinton announcement on normalization of diplomatic relations with Vietnam has been warmly welcomed, there remains complicated issues to be resolved in Vietnam-U.S. relations in near future. Following is our radio comments:

According to a public poll conducted by the newspaper USA TODAY on 11 July, 61 percent of the Americans supported normalization of relations while only 27 percent opposed it. Radio France International and the Voice of America pointed out that President Clinton's decision did not cause strong reaction in the United States, partly because most Americans agreed that it was time to close their most [word indistinct] page in history. An important (?notice) was mentioned by the spokesman for the U.S. secretary of state, Mr. Nicholas [Burns], that normalization with Vietnam was beneficial to U.S. national interests in the Pacific. A high-level official in the United States Administration said the establishment of full diplomatic relations with Vietnam was because of strategic trade and political factors.

Meanwhile, world opinions suggest there were three important events pushing the Washington administration to normalize relations. First, according to a leading Australian researcher on Vietnam, Professor (Clyde Pear), Vietnam joining ASEAN by the end of July was the reason for President Clinton to make a decision on normalization of relations with Vietnam. Second, Vietnam's official signing of an economic cooperation agreement with the European Union in Brussels on 17 July strengthening economic ties EU and Vietnam, making American business people worried about business strategies in Vietnam. Third, according to NHK Radio of Japan, the Japanese Government will resume full official development aid for Vietnam in 1995, therefore worrying the United States it will be too late in its infiltration into Vietnamese market.

World opinions also held that President Clinton's statement on normalization with Vietnam was an important step, there remains many things to be done to promote normalization of trade ties — establishment of diplomatic relations; exchange of ambassadors; and the development and signing of bilateral trade agreements, including the granting of the most favored nation status to Vietnam. There are complicated problems which will see differences emerged within the two countries during the process of negotiations. However, observers held



that if both sides were determined they would overcome obstacles.

According to the Voice of America on 13 July, Secretary of State Warren Christopher will arrive in Vietnam on 6 August for a five-day visit to discuss trade, security, the MIA [missing in action] issue, drug, and the official opening of U.S. and Vietnamese embassies. More than 100 companies in the Vietnam-U.S. trade (?link) said that the Vietnam-U.S. trade agreement will be finalized in the next 12 months. Radio France International said at last normalization of relations opens the way for Vietnam to receive the most favored nation status.

#### **Cooperation Accord Signed With European Union**

*BK1807155495 Hanoi VNA in English  
0654 GMT 18 Jul 95*

[FBIS Transcribed Text] Hanoi VNA July 18 — Vietnam signed a trade and economic cooperation agreement with the European Union (EU) on Monday, providing legal groundwork for the development of bilateral cooperation in various sectors, especially in trade and the economy.

The accord, signed by Foreign Minister Nguyen Manh Camh at a meeting with his counterparts from the 15 EU countries, covers market access, investment promotion and environmental protection.

The signing, following the re-establishment of diplomatic ties between Vietnam and the EU in 1990, comes less than a week after the diplomatic breakthrough in relations between Vietnam and the United States on July 11.

Vietnam-EU cooperation has been constantly promoted through the exchange of visits by Vietnamese and EU leaders in recent years, especially Prime Minister Vo Van Kiet's visits to a number of EU member states in 1993 and in late May and early June this year.

Vietnam has signed framework pacts on the avoidance of double taxation, economic cooperation, and investment promotion and protection, with a large number of EU countries since the late 1980s. This is part of Vietnam's effort to broaden its international relations and attract foreign investment.

Since the setting up of diplomatic relations, the Vietnam-EU trade has increased five-fold, including a rise in Vietnam's export turn-over from USD 84 million to USD [U.S. dollars] 240 million worth of textile products.

In addition, the EU has granted Vietnam 16 million European Currency Units (ECU) (about USD 19 million) in aid to fund different projects in banking, auditing,

forestry, drug control programmes and other sectors. It has over the past years aided Vietnam. Through various non-governmental organisations (NGO) in a number of health and education schemes worth USD 8.5 million. The EU has also given ECU 750,000 in emergency aid to Vietnam's natural calamity-stricken areas.

The EU funded the European Community Integration Programme (ECIP) on the return of Vietnamese illegal migrants which lasted for 30 months from June 1992. The programme helped to bring home 63,000 'boat people' who later were enrolled in 71 vocational training centres across the country.

#### **Further on EU Agreement**

*BK1907071795 Hanoi VNA in English  
1519 GMT 18 Jul 95*

[FBIS Transcribed Text] Hanoi VNA July 18 — EU attached importance to developing its cooperative ties with Vietnam and welcomed Vietnam's entry into ASEAN and its normalisation of diplomatic relation with the US.

Mr. Javier Solana and Mr. Manuel Martin, current president of the European Council and vice president of the European Commission (EU), respectively, were speaking at a signing ceremony of a cooperative agreement between Vietnam and the EU held in Brussels on July 17.

The cooperative accord was signed on the Vietnamese side and by Foreign Minister Nguyen Manh Cam and on the EU side Mr. Javier Solana and Mr. Manuel Martin.

Addressing the ceremony, Mr. Javier Solana, Mr. Manuel Martin and Nguyen Manh Cam highly appreciated the signing of this accord, stressing that it will serve as legal basis and groundwork to push the cooperation between EU and Vietnam to a new step of development with a new height in economic development, trade, investment, science and technology, intellectual property, environment, information and broadcasting, drug control and prevention.

Under the accord the two sides will provide each other the most favoured nation status for the promotion of bilateral commercial exchange in line with the 1994 agreement on taxation and trade. The two sides agreed that they would encourage and promote investment and economic cooperation and that the EU would increase its development assistance to Vietnam through economic projects and programmes.

Foreign Minister Cam pointed to Vietnam's foreign policy of independence, and diversification multilateralization, saying that it is particularly beneficial for Vietnam



and the EU to promote and expand bilateral cooperation on the basis of equality and mutual benefit, for the interest of both sides, for peace, stability, cooperation and development in the region and the world at large.

While in Brussels, Minister Cam had working sessions with his French, German, Spanish and Belgian counterparts and EC vice president, Mr. Manuel Martin on issues of bilateral relations and international issues of common concern.

The Vietnamese foreign minister left Brussels for home today.

#### **Radio Reviews Relations With Philippines**

*BK1807121095 Hanoi Voice of Vietnam in English  
1000 GMT 17 Jul 95*

[Radio editor's review]

[FBIS Transcribed Text] The Philippine president, Fidel Ramos, claimed that Vietnam would soon become a highly developed country. He said cooperation with Vietnam's open-door economy will be beneficial to all countries, including the superpowers. Vietnam's joining the ASEAN will benefit the region economically and politically. These and similar comments from Filipino leaders and business people have helped increase friendship and cooperative ties with Vietnam. Our radio editor reviews Vietnam-Filipino relations.

Vietnam and the Philippines have longstanding cultural and trade exchanges. Diplomatic relations were set up in 1976. In recent years, cooperative ties have undergone many changes. The official visits to the Philippines by Prime Minister Vo Van Kiet in 1992 and by President Le Duc Anh in 1993 and the Vietnam visit by President Fidel Ramos of the Philippines last year are major landmarks facilitating economic and trade cooperation. Two-way trade turnover has increased from \$12 million in 1988 to more than \$50 million last year. It is expected to further increase this year.

The Philippines has invested \$67 million in Vietnam, mainly in industries and hotels; \$45 million of this alone is invested in the capital city of Hanoi. Agreements on economic, trade, aviation, and tourism cooperation, and on investment encouragement and protection and navigation have been effectively implemented.

A joint governmental commission for cooperation between the two countries has been set up and is operating well. The first meeting of that commission was held in February this year with respective Foreign Ministers Nguyen Manh Cam and Roberto Romeo as heads of the two delegations expressing a new step in bilateral relations. The two sides laid stress on the special importance of high-level talks between the two countries. Both sides

held that economic and trade relations had developed, however that scope remained small, not corresponding to the potentials of both countries. They also agreed to strengthen cooperation in agriculture and seafood processing, aquaculture, cultural exchanges, tourism, and small- and medium-sized business management and personnel training. The Philippines expressed readiness to cooperate and help Vietnam in its own areas of expertise.

During a reception given to Vietnamese Foreign Minister Nguyen Manh Cam, President Ramos once again reaffirmed support and promotion of cooperation with Vietnam in all fields, particularly in personnel training for the health sector. He laid stress on the Philippines's stance to welcome Vietnam's joining of ASEAN, considering it a major new factor promoting regional cooperation.

#### **Le Duc Anh Receives Hyundai Group Chairman**

*BK1907062295 Hanoi VNA in English  
1458 GMT 18 Jul 95*

[FBIS Transcribed Text] Hanoi VNA July 18 — President Le Duc Anh received here today Mr. (Se Yong-chung), chairman of the Hyundai business group of the Republic of Korea, who is heading a 15-member delegation to Vietnam for the signing ceremony of a USD 200 million contract to build a joint-venture auto plant.

President Anh hailed the group's investment projects in Vietnam, which, in his words, are contributing to Vietnam's national economic restoration and development. He expressed his wish that those projects would bring about fruitful results for mutual interests and benefit Vietnam's agriculture, fishery and light industry.

Mr. (Se Yong-chung) expressed his pleasure at the rapid development Vietnam made in its current renovation process. He briefed the president of the projects that Hyundai has invested in Vietnam with concentration given to heavy industry like the construction of thermal power plants, production of gas pipelines, joining in auto assembly ship repair, and involvement in the project to modernise the Hanoi-Ho Chi Minh City railway route.

Hyundai Group's auto arm, Hyundai Motor Co. and (Sae Yung) Group also of South Korea, signed on July 17 a contract with Company No. 990 of the Ho Chi Minh City Police.

The joint venture auto plant to be built in Trung An commune, Cu Chi District, on the outskirts of Ho Chi Minh City, will produce cars, mini buses and small trucks possibly from the second half of 1996, with



an initial annual production capacity of 20,000 units. Production will be raised to 100,000 units in a few years.

**Nguyen Thi Binh Visits Ninh Binh Province**

*BK1807155895 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 17 Jul 95*

[FBIS Translated Text] Vice President Nguyen Thi Binh paid a working visit to Ninh Binh Province from 13-16 July. In expressing her views to the comrade leading provincial officials, the vice president commended the party organizations, administrative organs, and people of Ninh Binh Province for their achievements in the renovation process, particularly over the past three years following the redelineation of its administrative boundaries from Ha Nam Ninh Province.

Despite numerous difficulties, Ninh Binh has begun to do a fine job in building infrastructure and in effecting economic restructuring in accordance with the spirit of the party Central Committee Resolution on industrialization and modernization. Due importance has been attached to education, training, and public health care. Steps have been taken to improve the economic and cultural lives of the people.

The vice president also reminded the comrade provincial leading officials of the need to quickly develop the potential of the province in construction materials production and tourism. It is important to pay due attention to urban planning and make efforts to realize socio-economic development goals to benefit the countryside; satisfactorily implement social welfare policies for survivors of fallen combatants, war invalids, and families that render meritorious services to the revolution; and effectively carry out the hunger elimination and poverty reduction program.

During her stay in Ninh Binh, Vice President Nguyen Thi Binh called on Khanh Phu Cooperative, winner of the 1985 heroic labor title, and visited a number of economic, industrial, and tourist establishments and the Cuc Phuong National Park. The vice president also visited and presented gifts to Mrs. Dinh Thi Tau, a heroic Vietnamese mother title holder.

**Assembly Delegation's Visit to Japan Recapped**

*BK1807152395 Hanoi VNA in English 0530 GMT 18 Jul 95*

[FBIS Transcribed Text] Hanoi VNA July 17 — A delegation of the Vietnamese National Assembly [N.A.] led by Tran Van Phac, deputy head of the N.A External Relations Commission and chairman of the Vietnam-Japan Friendship Parliamentarians' Group, visited Japan from July 6-16.

The Vietnamese delegation held talks with Mr Watanabe, chairman of the Japan-Vietnam Friendship Parliamentary League.

It paid a courtesy visit to speaker of the House of Representatives, Mme Takako Doi, and met with a number of Japanese parliamentarians and government senior officials including the minister of education and culture, the leadership of the Japan-Vietnam Associations for Cultural and Economic Exchange, and mayor of Osaka. It also had meetings with representatives of a number of Japanese companies such as Mitsubishi Oil Corp., Mazda Automaker, Suzuki, and NHK Broadcasting Corp., and toured places of historical and cultural interest.

At these meetings, the hosts noted with pleasure at the achievements recorded by the Vietnamese people in their renovation process and national construction and at the new development of the multi-faceted cooperation between the two countries. They reiterated Japan's readiness to expand its investment in and cooperation with Vietnam to a scale commensurate with the two nations' potential.

In his meeting with the Japanese speaker, Mme Takako Doi, the head delegate said he firm believed that the friendship and cooperation between the two nations' legislative bodies and peoples would be further developed in lines with their desire and for the sake of peace, stability, friendship, and cooperation for development in the Asian-Pacific region and the world at large.



## Australia

### Keating, Bolger To Discuss Nuclear Tests

LD1907103295 Melbourne Radio Australia  
in English 0900 GMT 19 Jul 95

[FBIS Transcribed Text] The prime ministers of Australia and New Zealand will discuss action against the French nuclear tests during a meeting in Melbourne on Saturday. Mr. Keating and Mr. Bolger will be in Melbourne for the launch of a frigate built for the New Zealand Navy. Officials say scheduled talks between the two prime ministers are expected to cover responses to the French tests in the South Pacific Forum and the United Nations.

Meanwhile, Japan and Australia have discussed options for protesting over the resumption of French nuclear tests. [passage indistinct]

### Impact of Lower U.S. Interest Rates Viewed

BK1807121695 Sydney THE AUSTRALIAN  
FINANCIAL REVIEW in English 10 Jul 95 p 18

[Editorial: "Why Local Rates Will Lag US"]

[FBIS Transcribed Text] Let's keep things in perspective. While the Fed's decision to cut US interest rates is welcome news for the Australian Government, it will not automatically lead to lower interest rates here.

The most that can be said is that it removes the danger of local rates rising and could eventually provide a welcome boost to Australia's commodity trade.

It's a toe in the water, and there is no certainty that this cut will be followed by the succession of "quick cuts" which last week captured the imagination of US financial markets.

Moreover, concerns about the exchange rate and uncertainty about the strength of the Australian economy mean that any moves on Australian official rates are likely to lag several months behind the US.

Like the US economy, the Australian economy is slowing. But the extent of the Australian slowdown is less clear. Economists' forecasts for growth in 1995-96 vary from around 2 to 4 per cent.

The official data on employment growth, retail sales and imports suggest continued strength in the economy, while the recent rain will boost rural output.

However, private business surveys and anecdotal evidence suggest a more rapid slowdown in demand.

Nevertheless, the US move has significantly improved the outlook for the Prime Minister, Mr Keating. Most importantly, the Fed's move in slicing 25 basis points

from official cash rates has eased the pressure on the Australian dollar and improved the outlook for inflation.

This opens up possibilities for the Federal Government. An election this year becomes more tempting—although it still could choose to sit tight and gamble on rate cuts eventually arriving. As always, the economy will play a key role in the Government's political planning. And the bellwether indicator is the dollar.

Even before the dreadful \$2.9 billion May current account deficit, the weakness of the Australian dollar was worrying the Reserve Bank.

Last month, the RBA [Reserve Bank of Australia] Governor, Mr Bernie Fraser, warned that inflationary pressures were still building and for this reason it was too early to judge whether short-term interest rates had peaked.

"There can be no certainty about the timing or direction of the next move in official interest rates in current circumstances," he said.

The Fed's move will no doubt come as a relief for Mr Fraser, who feared the impact of the dollar on inflation in 1996. It eases the likelihood of a lower dollar feeding through to higher import prices and, eventually, to a higher consumer price index.

Despite the upward pressure on the \$A, any stimulus to the world economy is likely to pull the Australian economy forward through the impact of stronger demand for Australia's commodity exports.

But the strong initial reaction in Japan—Australia's largest trading partner—should be treated with caution.

The Bank of Japan said it would follow the Fed's lead and guide short-term rates lower, prompting a burst of activity on the Tokyo sharemarket. On Friday [7 July] the Nikkei staged its biggest one-day gain for the year.

But as Peter Hartcher explains on today's front page, the problems afflicting the Japanese economy are so serious that it might take more than lower interest rates to get things moving again.

The Kansai Economic Research Institute estimates that if the Bank of Japan cut benchmark official interest rates to zero tomorrow, this would accelerate economic growth by just 0.1 per cent this year.

Japan appears to be in the grip of a deflationary period described by one analyst as "comparable to the Great Depression".

American markets initially bounded ahead and this spilled over into sharemarkets in Europe, Asia and Australia.



However, concerns about whether further cuts can be sustained in the US have taken some of the gloss from the rally in America. And in Australia, fears are already emerging that weaker profit results locally could mean that our markets may continue to lag behind the rest of the world.

For the Australian authorities, the best course now is to wait — to see whether the new US direction on monetary policy is sustained, and more importantly to get a better reading on the strength of the Australian economy.

#### **Commentary Reviews Mantiri Diplomatic Dispute**

*BK1807124795 Sydney THE AUSTRALIAN  
FINANCIAL REVIEW in English 12 Jul 95 p 11*

[Commentary by Greg Earl: "Mantiri Affair Shows Risk in Personal Diplomacy"]

[FBIS Transcribed Text] There was one particularly telling moment last week as Indonesian Foreign Minister Ali Alatas was announcing the unprecedented withdrawal of his country's ambassador designate to Australia.

Mr Alatas was shepherding a potentially explosive diplomatic conflict through a stunned press conference when a journalist asked about the call for an explanation earlier in the week from Australia's Minister for Foreign Affairs, Senator Evans.

"Senator Evans asked for an apology, not an expression of regret," Mr Alatas shot back with a frosty tone and even chillier look.

It was a stunning contrast to the most popular image of the two erstwhile friends and foreign policy allies—the hammed-up photograph several years ago of the happy couple signing the oil development partnership between Australia and Indonesia in an aircraft above the Timor Sea.

But that image of a seven-year partnership between the restless policy intellectual from Australia and the consummate diplomat from Indonesia more than any other has dominated the reorientation of Australia's foreign policy towards the region.

It has been a personal relationship that has helped sweep much before it: the return of Australian journalists to Indonesia, the crafting of the Asia-Pacific Economic Cooperation group and the pursuit of peace in Cambodia.

And in doing so it has often been held, almost by itself, to prove the validity of the notion that personal relations among elite policy-makers are the key to crafting a stable bond between such strange neighbours as Indonesia and Australia. All of which has only served

to highlight the greatest "personal relationship" of them all—the much heralded bapak-anak (father-son) bond between President Suharto and the Prime Minister, Mr Keating.

So now with no less an authority than the outgoing Indonesian ambassador, Sabam Siagian, suggesting a serious breakdown between Mr Alatas and Senator Evans, where did it all go wrong? You don't have to look far to find an advocate of Mr Keating's approach to developing a foreign policy through the keyhole of Jakarta's Istana Negara presidential palace. Just ask one of the dozens of Australian companies that have gained access to Indonesian officials in the past two years to explore new business ventures.

But while it is clear now that Mr Suharto himself directed last week's withdrawal of Indonesia's planned ambassador in an important concession to Mr Keating's domestic political problems, the Mantiri affair has also served to demonstrate the risks of building a foreign policy on elite-level personal relations.

Nothing could have demonstrated those risks clearer than the way senior defence officers from both countries shepherded the Mantiri appointment through a long private nomination process intent on strengthening their own already close sectoral ties.

But it is also interesting to ponder the long shadow that an inherently opaque special relationship between such unforgiving political masters as Mr Suharto and Mr Keating casts over the diplomatic process. Spare a thought for the public servant trying to tell Mr Keating the time had arrived to pick up the telephone and torpedo a hand-picked Indonesian ambassador.

And at the same time it seems some Australian officials may have become too Javanese in their approach to the sore points in the bilateral relationship, missing the building concern about East Timor in parts of the Australian community.

All of which only underlines the real truism of foreign policy: that elite special relationships risk becoming only a high-wire act unless they foster broader long-term sustainable common interests. Just ask the Australian officials trooping off to rebuild Australia's position in India next year what's left of the close personal relationship between Bob Hawke and Rajiv Gandhi.

It is still a little early to tell how the wounds of last week will be repaired, but the results so far indicate that there is a more complex understanding in Indonesia of the diverse forces that resulted in the row.

While Senator Evans has been a universal whipping boy, commentary and media reportage has reflected a quite



good grasp of Australian domestic politics, the costs to Indonesia of having an unpopular ambassador and the idea that the two countries can have a diplomatic row but maintain other relations.

For example, *Bisnis Indonesia* newspaper concluded an editorial on the affair noting that it demonstrated the need for a solution to the Timor issue. Even some armed forces delegates to the National Parliament noted that it was better to withdraw General Mantiri so that Indonesia had an effective envoy in Australia.

As one long-serving Australian businessman in Jakarta noted this week: "It seems to me they (his Indonesian business contacts) think it is a relationship that is worth preserving."

The more subtle response is a contrast to the collectivist and simplistic reaction that has often greeted previous bilateral clashes between Indonesia and Australia and vindicates the efforts on both sides to push the relationship beyond the confines of diplomatic chess games. It is even more remarkable that Australian media coverage has largely escaped blame in Indonesia for the latest row.

The point was aptly demonstrated by Mr Alatas who went to great efforts during last week's press conference to explain the differences in opinion in Australia to Indonesian journalists. It was a nuance completely missed by some Australian commentators who were quick to characterise Mr Alatas as simply angry.

### New Zealand

#### **Bolger, Officials 'Sharply' Criticize France**

*BK1807135295 Hong Kong AFP in English  
1334 GMT 18 Jul 95*

[FBIS Transcribed Text] Wellington, July 18 (AFP) — New Zealand politicians Tuesday sharply attacked the French government's decision to resume nuclear testing at Mururoa atoll in the South Pacific.

Prime Minister Jim Bolger, speaking during a special two-hour debate, said a resolution clearly stating New Zealand's opposition to the resumption of tests would be drafted by the end of the week for parliamentary approval.

"The international debate on this issue is about getting world leaders to speak out against resumed testing," he said.

Bolger said it was "inevitable" the testing would be debated during the Commonwealth Heads of Government conference to be held in Auckland in November.

"The 40-odd leaders there will, I have little doubt, want to express their opposition to nuclear testing anywhere," he said.

Foreign Minister Don McKinnon accused the French government of being oblivious to world opinion.

"There is no significant support for what France is doing," he said. "The pride of France may be on the line, but there is still time to reverse the decision."

The leader of the opposition Labour Party, Helen Clark, said the government should be doing more than it was to increase pressure on France.

"We should not be too cautious. France won't be persuaded by diplomatic niceties. To succeed, we may have to be offensive," she said.

The debate did not reach any conclusions on what to do. Earlier Tuesday, Bolger met the leaders of five opposition parties to discuss ways of stepping up the protest.

After the meeting, Attorney-General Paul East said he hoped that by the end of this week the government would be able to say whether it was feasible to mount a legal challenge in the World Court on the resumption of nuclear tests.

Meanwhile, protesters planning to sail to Mururoa were warned Tuesday about dangerous conditions.

Bill Sumner, spokesman for the official Rescue Coordination Centre in Wellington, was quoted by the New Zealand Press Association as saying it was essential the vessels had liferafts, flares, other safety equipment and reliable radios.

"In little boats you need to be very careful of the weather," he said.

"We will keep an eye on them and how they are going, and hope like heck that no one gets into trouble."

He said sailors who had not been beyond local harbours could get "a big shock" if they found themselves facing 40 knot winds and five metre (18-foot) waves in the open sea.

The New Zealand Press Association reported Tuesday that protest fleet organisers said they had 25 boats committed to sailing in the fleet and there were 49 confirmed from Australia.

New Zealand MP Brian Neeson, who is helping to organise the New Zealand contingent, said Tuesday the boats would leave on July 29.

France says it wants to conduct eight blasts at Mururoa from September, in order to maintain the "credibility" of its nuclear arsenal.



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